IN THE SPECIFICATION:

Transmitted herewith is a substitute specification with marked-up version.

Specification

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GROUP 3600

Disintermediated Financial Transaction System

FIELD OF THE INVENTION

The present invention relates to a disintermediated financial transaction system to create one or more transaction markets of one or more financial instruments via at least one communication line on one or more computer networks and match demands of end customers.

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BACKGROUND ART

In conventional financial transactions, conventional intermediaries such as banks and securities companies have existed between end customers being buyers and end customers being sellers. Thus, the end customers who perform transactions through these intermediaries have experienced decreased yields on investment or increased funding costs by the amounts of brokerage or intermediation fees directly or indirectly payable to the intermediaries.

Moreover, the banks and the securities companies, in addition to the brokerage or intermediation business, conduct proprietary transaction business. Structures of conflicts of interests between the end customers and the banks or securities companies, in which the conventional intermediaries, in order to gain larger transaction profits by the use of their proprietary funds, either cause the end customers to transact with themselves as counterparties under disadvantageous conditions, or complete their transactions by the use of the proprietary funds on a front-running basis on the assumption that the end customers would read the transaction reference or proposal data provided by them and then would conduct transactions, or in which the conventional intermediaries provide the reference or

proposal data with the aim that the end customers would increase their frequency of transactions in financial instruments, have been conventionally recognized.

However, knowledge and information on financial transactions accumulated by the conventional intermediaries cannot be assimilated by the end customers in one day. Thus, a mechanism, which provides the knowledge and information held by the intermediaries for the end customers whilst solving the conflicts of interests between the intermediaries and the end customers, is required.

On the other hand, securities exchanges and financial derivatives exchanges tend to trade only popular names and popular products as their transaction objects. Thus, the trading of bonds with low liquidity and the transactions of complicated financial derivative products are centered on over-the-counter transactions with banks or securities companies as counterparties. Also, since the trading of instruments that are not transacted through exchanges is increasing even in liquid equities and the like, and thus the percentage of invisible over-the-counter transactions are increasing, the transparency of the markets important to end customers is being compromised. Existing securities exchanges and financial derivatives exchanges basically employ a mechanism in which end customers cannot participate in transactions unless they transact through banks or securities companies within their membership, and thus the end customers are once again being disadvantaged.

Various settlements and administrations arising from the completion of a transaction such as transaction confirmation, funds settlement, securities settlement and/or the like, through their historical circumstances, use different systems according to the type of financial instrument or the specific trading market, and thus it is hard to unite the systems. Also, since a high percentage of settlements and administrations are still processed manually, the systems are not appropriate for end customers who wish to transact various kinds of financial instruments. This is a result of the fact that banks, securities companies, exchanges, clearing houses, software houses, information vendors and the like have arbitrarily

developed and provided each system for their own respective intentions.

Accordingly, it is an object of the present invention, in order to solve the above-described problems, to provide a disintermediated financial transaction system that creates one or more transaction markets of one or more financial instruments via at least one communication line on one or more computer networks and matches demands of end customers.

It is a further object of the present invention to provide a disintermediated financial transaction system that, by separating and allocating the functions of banks and securities companies as conventional intermediaries in financial transactions to the system operator, various agencies, various evaluators and/or various data providers, can eliminate conflicts of interests between such intermediaries and end customers and make various financial transactions more efficient and optimal.

It is yet another object of the present invention to provide a financial transaction system that can enhance liquidity of various financial instruments by processing bundling and unbundling between standardized products and hybrid products and that can cause various transactions to advantage transacting parties by allowing simultaneous collective financial transactions.

DESCRIPTION OF THE INVENTION

The present invention is a disintermediated financial transaction system, wherein one or more transaction markets of one or more financial instruments are thereby created via at least one communication line on one or more computer networks; transaction intermediations by at least one of conventional banks and conventional securities companies are thereby eliminated; and end customers selected from the group consisting of end capital managers, end capital raisers and end capital transactors can thereby complete financial transactions

directly between themselves on a matching basis.

Also, the present invention is a disintermediated financial transaction system, wherein said financial transaction is capital raising.

Moreover, the present invention is a disintermediated financial transaction system, wherein said financial transaction is capital management.

Furthermore, the present invention is a disintermediated financial transaction system, wherein said financial transaction is a secondary offering.

Also, the present invention is a disintermediated financial transaction system, wherein said financial transaction is a capital transaction.

Moreover, the present invention is a disintermediated financial transaction system, wherein object products of said financial transactions are any one or more capital raising products selected from the group consisting of borrowings, bonds, equities and commercial papers.

Furthermore, the present invention is a disintermediated financial transaction system, wherein object products of said financial transactions are any one or more capital management products selected from the group consisting of loan assets, bonds, equities and commercial papers.

Also, the present invention is a disintermediated financial transaction system, wherein object products of said financial transactions are any one or more capital transaction products selected from the group consisting of foreign exchange products, interest rate derivative products, equity derivative products, hybrid derivative products, forward products, futures

products, option products and swap products.

Moreover, the present invention is a disintermediated financial transaction system, wherein any one or more agencies selected from the group consisting of capital management agencies, capital raising agencies, secondary offering agencies and capital transaction agencies can thereby participate in said financial transactions.

Furthermore, the present invention is a disintermediated financial transaction system, wherein any one or more evaluators selected from the group consisting of capital management evaluators, capital raising evaluators and capital transaction evaluators can thereby participate in said financial transactions.

Also, the present invention is a disintermediated financial transaction system, wherein any one or more data providers selected from the group consisting of providers of capital management reference data, providers of capital raising proposal data and providers of capital transaction proposal data can thereby participate in said financial transactions.

Moreover, the present invention is a disintermediated financial transaction system, wherein said financial instruments can thereby be transacted domestically and abroad 24 hours a day beyond the confines of national borders and session hours.

Furthermore, the present invention is a disintermediated financial transaction system, wherein settlement and administration functions after completion of a financial transaction selected from the group of functions consisting of transaction confirmation, signing of a contract, assignment of a contract, funds settlement, securities settlement, and inspection of legal and regulatory compliance are thereby concentrated.

Also, the present invention is a financial transaction system, wherein any one or more jobs

selected from the group consisting of processing of bundling a plurality of standardized products to create at least one hybrid product, processing of unbundling at least one hybrid product to create a plurality of standardized products, processing of bundling a plurality of hybrid products to create at least one other hybrid product, and processing of unbundling at least one hybrid product to create a plurality of hybrid products, can appropriately be executed with respect to financial instruments.

Moreover, the present invention is a financial transaction system, wherein any one or more simultaneous collective financial transactions selected from the group consisting of simultaneous collective capital management, simultaneous collective capital raising, simultaneous collective secondary offerings and simultaneous collective capital transactions can thereby be performed.

Incidentally, as used in the present invention, the term 'end capital manager' shall mean any domestic or foreign individual or entity, except banks or securities companies, that performs capital management through deposits or savings, trading of equities or bonds, transactions of foreign exchange products or financial derivative products, and/or the like. Also, the term 'end capital raiser' shall mean any domestic or foreign individual or entity, except banks or securities companies, that performs capital raising through borrowings, issuance of bonds, equities or commercial papers, transactions of foreign exchange products or financial derivative products, and/or the like. Moreover, as used in the invention, any domestic or foreign individual or entity that functions as both an end capital manager as above and an end capital raiser as above shall be referred to as an 'end capital transactor,' and the terms 'end capital manager,' 'end capital raiser' and 'end capital transactor' shall collectively be encompassed by the term 'end customer.'

Furthermore, as used in the invention, any underlying product to be an object of capital management including a secondary offering shall be referred to as a 'capital management product,' while any underlying product to be an object of capital raising shall be referred to

as a 'capital raising product.' Thus, a bond, an equity, a commercial paper or the like that an end capital raiser or a capital raising agency utilizes as a capital raising product is regarded as a capital management product from the standpoint of an end capital manager or a capital management agency that purchases it. Also, if the means for capital raising is a loan, the underlying product for the capital raising side, i.e. the capital raising product is a borrowed liability, while the underlying product for the capital management side, i.e. the capital management product is a loan asset. On the other hand, as used in the invention, foreign exchange products and financial derivative products, which are utilized differently from the capital management products or from the capital raising products, shall be referred to as 'capital transaction products.'

Additionally, creation of a short position and a long position with respect to a capital transaction product according to the invention shall mean an act of creation of any position in foreign exchange transactions and/or financial derivative transactions. The term is intended, therefore, to include not only acts of creation of short positions and long positions in any forex spot transactions, any forward transactions, any futures transactions, any option transactions and the like, but also acts of creation of mutually opposing positions in any swap transactions and the like.

In general, the term 'secondary offering' means any sale of securities and the like already issued and then held by capital managers to other numerous capital managers simultaneously under uniform terms and conditions. In the invention, the secondary offering as above shall be treated as one style of capital management between end capital managers. In this case, an end capital manager or capital management agency that is the side that releases held securities and the like in a secondary offering shall respectively be referred to as a 'selling holder' or 'secondary offering agency' to be differentiated from an end capital manager or capital management agency that is the side that purchases said securities and the like. Regarding evaluators and data providers, however, terms different than those that apply to the case of general capital management between end capital managers shall not be used in a

secondary offering.

Additionally, in the present invention, the date on which each of various financial transactions is completed shall be referred to as the beginning of the period, the date on which it expires shall be referred to as the end of the period, and the period between the two dates, both inclusive, shall be referred to as the transaction period or the period before maturity.

Incidentally, as used in the invention, the term 'bank' shall mean any conventional financial institution that collects funds from capital managers through deposits or savings, borrowings, issuance of equities or bonds, liquidization or securitization of its assets, savings-type of insurance or mutual aid, and/or the like and then earns a profit margin through lending to capital raisers, proprietary trading of various financial instruments and/or the like. The term shall also mean any conventional financial institution that, on its own or through its subsidiaries and the like, earns various fees or commissions through underwriting securities such as equities, bonds or commercial papers issued by capital raisers and then selling them to capital managers, and/or through intermediating between capital managers in securities trading, between capital transactors in foreign exchange transactions, financial derivative transactions or the like.

In addition, as used in the invention, the term 'securities company' shall mean any conventional financial institution that earns various fees or commissions through underwriting securities such as equities, bonds or commercial papers issued by capital raisers and then selling them to capital managers, and/or through intermediating between capital managers in securities trading, between capital transactors in foreign exchange transactions, financial derivative transactions or the like, and/or that earns trading profits through proprietary trading of various financial instruments or through the like. The term shall also mean any conventional financial institution that, on its own or through its subsidiaries and the like, collects funds from capital managers through borrowings, issuance of equities or bonds, liquidization or securitization of its assets, and/or the like and then earns a profit

margin through lending to capital raisers and/or through the like.

Besides, as used in the invention, the term 'capital management reference data' shall include any of the following data:

(a) Economic or financial news, corporate news, political news, and/or the like that affects capital management;

(b) Materials on proposals, evaluation and/or the like of fund allocation including materials on the use of financial derivative products;

(c) Schedules, rumors, reputation and/or the like on capital management of other capital managers;

(d) Schedules, rumors, reputation and/or the like on capital raising of capital raisers;

(e) Materials on economy or finance as a whole: macroeconomic analyses or forecasts, analyses or forecasts of economic indicators or financial indicators, and/or the like;

(f) Materials on equity markets: quantified or codified projected performance of equity prices such as stock ratings and news relating thereto, analyses or forecasts on equity markets as a whole, analyses or forecasts on individual industries, analyses or forecasts on individual companies, analyses or forecasts on equity indices or individual equity prices, information on share holdings, and/or the like including materials on financial derivative markets;

(g) Materials on interest rate and foreign exchange markets: quantified or codified debt service capacities of capital raisers such as credit ratings and news relating thereto, analyses or forecasts on interest rate and foreign exchange markets as a whole, analyses or forecasts on reference interest rates or bond indices, analyses or forecasts on credit risks associated with individual industries or individual companies, analyses or forecasts on individual currencies, and/or the like including materials on financial derivative markets;

(h) Technical analyses and/or the like on equity markets, interest rate and foreign exchange markets, and financial derivative markets;

(i) Various materials available for public inspection in reading rooms of authorities, or the

like; and

(j) Market levels such as contractual, indicative or theoretical values of various financial instruments, and fixed or provisional terms of capital raising or secondary offering arrangements, as well as transaction volumes thereof.

Also, the term 'provider of capital management reference data' shall mean any domestic or foreign individual or entity that provides, whether directly or indirectly, data for decision-making on capital management to end capital managers and/or capital management agencies, and shall include:

① Those who produce research materials such as counselors and research companies;

② Credit research institutions such as credit rating agencies and credit bureaus;

③ Information providers such as information vendors, optional information vendors, database distributors or producers, and the mass media;

④ Capital raisers;

⑤ Authorities; and

⑥ The system operator in accordance with the invention.

Moreover, as used in the invention, the term 'capital raising proposal data' shall include any of the following data:

(a) Economic or financial news, corporate news, political news, and/or the like that affects capital raising;

(b) Opinions on timing, costs, methods of fixing terms, and/or schedules of capital raising;

(c) Prospects of sales demands for products by capital manager or by type of capital manager;

(d) Materials on proposals, evaluation and/or the like of compositions of liabilities and capital including materials on the use of financial derivative products;

(e) Schedules, rumors, reputation and/or the like on capital raising of other capital raisers;

(f) Schedules, rumors, reputation and/or the like on capital management of capital managers;

(g) Materials on economy or finance as a whole: macroeconomic analyses or forecasts, analyses or forecasts of economic indicators or financial indicators, and/or the like;

(h) Materials on equity markets: quantified or codified projected performance of equity prices such as stock ratings and news relating thereto, analyses or forecasts on equity markets as a whole, analyses or forecasts on individual industries, analyses or forecasts on individual companies, analyses or forecasts on equity indices or individual equity prices, information on share holdings, and/or the like including materials on financial derivative markets;

(i) Materials on interest rate and foreign exchange markets: quantified or codified debt service capacities of capital raisers such as credit ratings and news relating thereto, analyses or forecasts on interest rate and foreign exchange markets as a whole, analyses or forecasts on reference interest rates or bond indices, analyses or forecasts on credit risks associated with individual industries or individual companies, analyses or forecasts on individual currencies, and/or the like including materials on financial derivative markets;

(j) Various materials available for public inspection in reading rooms of authorities, or the like; and

(k) Market levels such as fixed or provisional terms of other capital raising arrangements, fixed or provisional terms of secondary offering arrangements, and contractual, indicative or theoretical values of various financial instruments, as well as transaction volumes thereof.

Also, the term 'provider of capital raising proposal data' shall mean any domestic or foreign individual or entity that provides, whether directly or indirectly, data for decision-making on capital raising to end capital raisers and/or capital raising agencies, and shall include:

① Advisors such as counselors and consultants;

② Credit research institutions such as credit rating agencies and credit bureaus;

③ Information providers such as information vendors, optional information vendors, database distributors or producers and the mass media;

④ Capital managers;

⑤ Authorities; and

⑥ The system operator in accordance with the invention.

Furthermore, as used in the invention, the term 'capital transaction proposal data' shall include any of the following data:

(a) Economic or financial news, corporate news, political news, and/or the like that affects capital transactions;

(b) Opinions on selection, timing for transactions, transaction methods and/or the like of capital transaction products;

(c) Materials on proposals, evaluation and/or the like of compositions of assets, liabilities and capital including materials on the use of financial derivative products;

(d) Schedules, rumors, reputation and/or the like on how others perform capital transactions;

(e) Materials on economy or finance as a whole: macroeconomic analyses or forecasts, analyses or forecasts of economic indicators or financial indicators, and/or the like;

(f) Materials on equity markets: quantified or codified projected performance of equity prices such as stock ratings and news relating thereto, analyses or forecasts on equity markets as a whole, analyses or forecasts on individual industries, analyses or forecasts on individual companies, analyses or forecasts on equity indices or individual equity prices, information on share holdings, and/or the like including materials on financial derivative markets;

(g) Materials on interest rate and foreign exchange markets: quantified or codified debt service capacities of capital raisers such as credit ratings and news relating thereto, analyses or forecasts on interest rate and foreign exchange markets as a whole, analyses or forecasts on reference interest rates or bond indices, analyses or forecasts on credit risks associated with individual industries or individual companies, analyses or forecasts on individual currencies, and/or the like including materials on financial derivative markets;

(h) Technical analyses and/or the like on equity markets, interest rate and foreign exchange markets, and financial derivative markets;

(i) Various materials available for public inspection in reading rooms of authorities, or the like; and

(j) Market levels such as contractual, indicative or theoretical values of various capital

transaction products or various cash products, and fixed or provisional terms of capital raising or secondary offering arrangements, as well as transaction volumes thereof.

Also, the term 'provider of capital transaction proposal data' shall mean any domestic or foreign individual or entity that provides, whether directly or indirectly, data for decision-making on capital transactions to end capital transactors and/or capital transaction agencies, and shall include:

① Advisors such as counselors, consultants and research companies;

② Credit research institutions such as credit rating agencies and credit bureaus;

③ Information providers such as information vendors, optional information vendors, database distributors or producers and the mass media;

④ Other capital transactors;

⑤ Authorities; and

⑥ The system operator in accordance with the invention.

Advantages of the Invention

Now, advantages that the present invention brings about, itemized and listed by subject, will be described in the following:

1-1. According to the invention, since the intermediation of financial transactions by banks is eliminated, an increase of yields on investment and/or a decrease of funding costs can be realized. That is, in a conventional structure in which end capital managers supply funds to banks through deposits, savings, purchase of bank debentures, and/or the like and then the banks supply the funds to end capital raisers through lending the funds to the end capital raisers, purchasing securities issued by the end capital raisers, and/or the like, because the banks take their margins during the flow of the funds, the end capital managers suffer a decrease of yields on investment and/or the end capital raisers suffer an increase of funding costs. In the invention, since funds are supplied from end capital managers to end capital

raisers, the margins of any intermediating banks are eliminated and thus the end capital managers can enjoy higher yields on investment and/or the end capital raisers can attain lower funding costs.

1-2. According to the present invention, an increase of yields on investment and/or a decrease of funding costs can be realized even when interest rates have changed. That is, in a situation in which interest rates have risen, interest rates on deposits, savings and/or bank debentures do not increase to the same degree as those of loans provided for end capital raisers by banks that wish to enlarge their margins, and thus disadvantage end capital managers. On the other hand, in a situation in which interest rates have fallen, interest rates on borrowings do not decrease to the same degree as those of deposits, savings, and/or bank debentures tapped by banks that wish to enlarge their margins, and thus disadvantage end capital raisers. In the invention, since funds are supplied from end capital managers to end capital raisers, the end capital managers can enjoy higher yields on investment in the situation in which interest rates have risen, and/or the end capital raisers can attain lower funding costs in the situation in which interest rates have fallen.

1-3. According to the present invention, mechanisms for deciding interest rates can be corrected. That is, although interest rates of deposits and/or savings should be differentiated according to the degree of credit risks in individual banks that keep the funds, there have conventionally been negligible differences due to high peer pressure among the banks, and thus end capital managers have also had to endure low interest rates that do not correspond to the credit risks in particular banks. On the other hand, although loan interest rates that banks apply to end capital raisers are determined in principle by adding some percent to funding rates of the banks themselves, there have conventionally been negligible differences due to uniform methods of setting interest rates on the basis of prime rates and/or the like and high peer pressure among the banks, and thus end capital raisers have had to endure high interest rates that do not correspond to their own creditworthiness. In the invention, since

funds are supplied from end capital managers to end capital raisers, interest rates corresponding to the creditworthiness of the end capital raisers are determined based on a balance between supply and demand in the markets, and thus the end capital managers and the end capital raisers can enjoy interest rate levels which both parties can accept.

1-4. According to the present invention, end capital managers are released from dual credit risks. That is, in a conventional structure in which end capital managers supply funds to banks through deposits, savings, purchase of bank debentures and/or the like and then the banks supply the funds to end capital raisers through lending the funds to the end capital raisers, purchasing bonds, commercial papers or the like issued by the end capital raisers, and/or the like, the end capital managers are exposed to dual credit risks. One is a credit risk in the banks for which the end capital managers directly supply the funds, and the other is a credit risk in the end capital raisers for which the end capital managers indirectly supply the funds through the banks. In the invention, since funds are supplied from end capital managers to end capital raisers, the end capital managers are released from the credit risks in intermediating banks.

2-1. According to the present invention, conflict of interests can be solved. That is, securities companies and banks conduct both brokerage business for end capital managers (with the object of gaining brokerage fees) and proprietary trading business by use of proprietary funds (with the object of gaining trading profits). Therefore, a conflict of interests structure in which a securities company and/or a bank, in order to gain a large trading profit by use of proprietary funds, causes an end capital manager to trade with it as its counterparty under disadvantageous conditions, and/or completes trading by use of proprietary funds on a front-running basis on the assumption that an end capital manager would read capital management reference data provided by it and then would conduct trading, has been conventionally recognized. In the invention, since an end capital manager trades financial instruments not through a securities company or a bank but with other end capital managers,

the end capital manager is freed from this conflict of interests and thus can enjoy higher yields on investment.

2-2. Regarding transactions of foreign exchange products and financial derivative products, banks and securities companies conduct both brokerage or intermediation business for end capital transactors (with the object of gaining brokerage or intermediation fees) and proprietary transaction business by use of proprietary funds (with the object of gaining transaction profits). Therefore, a conflict of interests structure in which a bank and/or a securities company, in order to gain a large transaction profit by use of proprietary funds, causes an end capital transactor to transact with it as its counterparty under disadvantageous conditions, and/or completes a transaction by use of proprietary funds on a front-running basis on the assumption that an end capital transactor would read capital transaction proposal data provided by it and then would conduct a transaction, has been conventionally recognized. In the invention, since an end capital transactor transacts foreign exchange products and/or financial derivative products not through a bank or a securities company but with other end capital transactors, the end capital transactor is freed from this conflict of interests and thus can attain more transaction profits and/or more advantageous contract conditions.

2-3. Since a securities company and bank conventionally trade with both an end capital manager and an end capital raiser, occasionally, depending on their business strategy, one of them is treated advantageously and the other is treated disadvantageously. For example, in the case of a business strategy that attaches importance to end capital raisers, an end capital manager having poor capital management skills is sometimes urged to supply its funds to an end capital raiser so that the end capital raiser can attain a lower funding cost. On the other hand, in the case of a business strategy that attaches importance to end capital managers, an end capital raiser having poor capital raising skills is sometimes urged to raise funds targeting an end capital manager so that the end capital manager can attain a higher yield on

investment. In the invention, since levels of capital raising are determined based on a balance of supply and demand between end capital managers and end capital raisers, neither side gains an advantage or suffers a disadvantage.

3-1. According to the present invention, fees payable to intermediaries can be eliminated. That is, in a conventional structure in which an end capital raiser issues equities, bonds, commercial papers and/or the like through a securities company and/or a bank, since the intermediating securities company and/or bank collects underwriting and selling fees, the end capital raiser suffers an increase of funding costs. In the invention, since funds are supplied from end capital managers to end capital raisers, underwriting and selling fees payable to intermediating securities companies and/or banks are eliminated, and thus the end capital raisers can attain lower funding costs.

Also, in a conventional structure in which an end capital manager trades equities, bonds, commercial papers and/or the like through a securities company and/or a bank, since the intermediating securities company and/or bank collects brokerage fees, or the securities company and/or bank virtually collects equivalents of brokerage fees through its proprietary trading with the end capital manager, the end capital manager suffers a decrease of yields on investment. In the invention, since end capital managers trade financial instruments with other end capital managers, brokerage fees payable directly or indirectly to intermediating securities companies and/or banks are eliminated, and thus the end capital managers can enjoy higher yields on investment.

3-2. Said elimination of fees contributes to an increase of transaction profits and/or the improvement of contract conditions for end capital transactors. That is, in a conventional structure in which an end capital transactor transacts foreign exchange products and/or financial derivative products through a bank and/or a securities company, since the intermediating bank and/or securities company collects brokerage and/or intermediation fees, or the bank and/or securities company virtually collects equivalents of brokerage and/or

intermediation fees through its proprietary transactions with the end capital transactor, in some cases, the end capital transactor has no choice but to receive reduced transaction profits or to conclude disadvantageous transaction contracts. Above all, since end capital transactors find it hard to grasp market levels of financial derivative products that are transacted as hybrid products on an over-the-counter basis, cases in which banks and/or securities companies having concluded advantageous contracts with end capital transactors subsequently made undue profits in the inter-dealer markets, have been known. In the invention, since end capital transactors transact foreign exchange products and/or financial derivative products with other end capital transactors, brokerage and/or intermediation fees payable directly or indirectly to intermediating banks and/or securities companies are eliminated, and thus the end capital transactors can attain more transaction profits and/or more advantageous contract conditions.

4-1. According to the present invention, new access to individual instruments can be realized. That is, individual end capital managers can fully participate in interest rate products. Since most interest rate products for individual end capital managers have conventionally been deposits and savings, the individual end capital managers have had little knowledge of credit risks that all interest rate products essentially have, and of bonds the prices of which affect yields on investment. Although debenture-issuing banks such as long-term credit banks and bond-issuing non-financial corporations exemplify domestic capital raisers that use bond issuance, these capital raisers have discriminated in yields between bonds targeting institutions equipped with sufficient knowledge thereof and bonds targeting individual end capital managers, and thus the individual end capital managers equipped with insufficient knowledge and information on the markets have been disadvantaged in many cases. Also, individual end capital managers have a strong tendency to hold these bonds until maturity as alternatives to time deposits and, in many cases, have suffered opportunity costs as a result of not selling them before maturity despite rises of the markets. Also, in a financial structure in which individuals have only indirectly participated

in loans and/or commercial paper investments through intermediating banks, they have found it impossible to invest in these instruments. In the invention, by being provided with capital management agencies and/or capital management evaluators who have a great store of knowledge and information on interest rate products, individual end capital managers can make major investments in bonds and include in their capital management portfolios loan assets and/or commercial papers that can also be regarded as types of bonds, and furthermore, lending itself.

4-2. Individual end capital transactors can fully participate in foreign exchange transactions and financial derivative transactions. That is, since most financial instruments for individual end capital managers have conventionally been deposits, savings and/or equities whilst most financial instruments for individual end capital raisers have conventionally been borrowings, these individual end capital transactors have had insufficient knowledge and information on foreign exchange products and/or financial derivative products, and thus have suffered opportunity costs as a result. In the invention, by being provided with capital transaction agencies and/or capital transaction evaluators who have a great store of knowledge and information on foreign exchange products and/or financial derivative products, individuals can have a wider choice of financial instruments as the objects of their transactions, and thus can attain higher yields on investment and/or lower funding costs. In addition to simple trading, foreign exchange products and financial derivative products are instrumental in hedge transactions and/or arbitrage transactions, and thus individuals can achieve profits in various ways by combining the hedge or arbitrage transactions with financial assets that they currently hold or with liabilities that they currently have.

4-3. Capital management opportunities in secondary markets for loan assets can be provided. That is, if capital managers execute loans to end capital raisers, repayment of the loan amounts do not normally end until maturity, and yet the capital managers may find it

necessary to sell the loan assets before maturity for reasons of business strategy, cash flows and/or the like. Since end capital raisers with relatively low creditworthiness have a strong tendency to borrow funds not by bond issuance requiring credit ratings but by loans, once the loan assets are equipped with prices and yields in the secondary markets before maturity like those of bonds, the loan assets start afresh as financial instruments attractive to other end capital managers. The invention provides end capital managers with secondary markets for loan assets in which they can enjoy higher yields on investment.

4-4. The issuance of private equities can be stimulated. That is, partly because private companies, compared with publicly-held companies, disclose insufficient information, their methods of raising funds have inclined toward bank loans and/or the like and thus their capital raising by equity issuance has been limited to those targeting relevant connections or to the like. In the invention, since the system operator and/or the like displays theoretical prices of private equities, and capital raising agencies, capital raising evaluators, capital management agencies and/or capital management evaluators provide a great store of useful knowledge and information on private equities, the demands of end capital raisers and end capital managers can be cultivated and thus the inactive markets can be stimulated.

5-1. The present invention enables a financial transaction system that provides transparency for the markets. Namely, transparency can be provided for over-the-counter transactions in the secondary markets. Securities exchanges in several countries are easing their surrender requirements for transactions on equities and subsequently are preparing environments in which capital managers can effect the transactions on an over-the-counter basis beyond the barriers of national borders and/or the confines of session hours. On the other hand, loan assets, bonds and commercial papers have been conventionally traded mainly on an over-the-counter basis, and thus have been rarely traded in securities exchanges. If the over-the-counter transactions in the secondary markets continue to increase, however, transparency of the markets decreases and thus the phenomenon of 'many prices for a single

product,' in which contract prices and/or contract yields differ between market A and market B even at the same point in time, occurs and disadvantages some end capital managers. Also, the phenomenon of 'many prices for a single product' at the same point in time generates inconvenience in some instances such as when financial products being held are marked to market. Since the invention can concentrate domestic and overseas transactions in the system and cover the transactions 24 hours a day, it can easily display current market levels and/or transaction volumes of various financial instruments showing their current status, and thus can provide transparency for the secondary markets.

5-2. Transparency can be provided for over-the-counter transactions of capital transaction products. That is, regarding foreign exchange products and/or financial derivative products, as their structures get more complicated, demands for over-the-counter transactions that are instrumental in creating tailor-made products increase, and thus the over-the-counter transactions have conventionally been more prominent. If the over-the-counter transactions continue to increase, however, transparency of the markets decreases and thus the phenomenon of 'many prices for a single product,' in which contract prices, contract interest rates, contract yields, contract yield spreads and/or contract exchange rates differ between market A and market B even at the same point in time, occurs and disadvantages some end capital transactors. Also, the phenomenon of 'many prices for a single product' at the same point in time generates inconvenience in some instances such as when foreign exchange positions and/or financial derivative positions are marked to market. Since the invention can concentrate domestic and overseas transactions in the system and cover the transactions 24 hours a day, it can easily display current market levels and/or transaction volumes of foreign exchange products and/or financial derivative products showing their current status, and thus can provide transparency for the markets.

6-1. According to the present invention, liquidity can be provided for the markets. That is, the trading of illiquid securities can be stimulated. In practice, bonds and commercial papers

issued by various non-financial corporations and equities issued by small-to-medium-sized and private companies show low liquidity, and thus end capital managers find it difficult to actively trade them in the secondary markets. This is partly because these securities have offered insufficient profit-making opportunities to securities companies and/or banks that act as intermediaries in such trading, and thus the intermediaries have failed to make adequate efforts to seek out end capital managers willing to buy and end capital managers willing to sell such securities. In the invention, since the system operator and/or the like displays theoretical prices and/or theoretical yields of illiquid securities, and has capital management agencies and/or capital management evaluators provide a great store of useful knowledge and information on illiquid securities, the demands of end capital managers willing to buy and end capital managers willing to sell such securities can be cultivated and thus liquidity can be provided for the inactive trading markets.

6-2. The transactions of illiquid foreign exchange products and financial derivative products can be stimulated. That is, capital transaction products transacted on an over-the-counter basis have a strong tendency to show low liquidity, and thus end capital transactors find it difficult to actively trade them in the secondary markets. This is partly because securing end capital transactors who can act as counterparties for the products proves difficult since particular conditions such as amounts, contract periods, various exercisable rights, and/or the like required by the relevant capital transactors are reflected in the designs of the products. In the invention, since the system operator and/or the like performs, as appropriate, a process of bundling standardized products to create a tailor-made product and/or a process of unbundling a tailor-made product to restore the standardized products, the demands of end capital transactors willing to buy and end capital transactors willing to sell such products can be matched more easily and thus liquidity can be provided for the inactive capital transaction products.

7-1. The present invention can provide neutrality for capital raising-related information.

That is, a stance in which securities companies and/or banks provide information related to capital raising and information related to capital management for end capital raisers and end capital managers respectively in order to win a lead-management role in the underwriting and selling business and/or to gain higher shares in underwriting and selling syndicates, has been conventionally recognized. This stance, however, in which the securities companies and/or the banks pursue their own showings excessively, makes it difficult for end capital raisers to realize optimum capital raising and for end capital managers to realize optimum capital management. Since providers of capital raising proposal data and providers of capital management reference data of the invention supply the data from the viewpoints of end capital raisers and end capital managers, the end capital raisers and the end capital managers can optimize their capital raising and capital management respectively.

7-2. Neutrality can be provided for capital management-related information. That is, a stance in which securities companies and/or banks, in order to increase brokerage fees, which are sources of their income, provide capital management reference data for end capital managers so that the end capital managers trade financial instruments more frequently, has been conventionally recognized, and yet the stance makes it difficult for the end capital managers to realize optimum capital management. Since providers of capital management reference data of the invention supply the data from the viewpoint of end capital managers, they do not prompt the end capital managers to buy or sell financial instruments in market environments where making profits through the trades is difficult.

7-3. Neutrality can be provided for capital transaction-related information. That is, a stance in which banks and/or securities companies, in order to increase brokerage and/or intermediation fees, which are sources of their income, provide capital transaction proposal data for end capital transactors so that the end capital transactors transact foreign exchange products and/or financial derivative products more frequently, has been conventionally recognized, and yet with such a stance, the end capital transactors cannot necessarily realize

optimum capital transactions. Since providers of capital transaction proposal data of the invention supply the data from the viewpoint of end capital transactors, they do not prompt the end capital transactors to make transactions of or conclude contracts of financial instruments in market environments where making profits through the transactions is difficult.

8-1. A stance in which securities companies and banks provide capital raising-related advice for end capital raisers in order to win a lead-management role in underwriting and selling business or to gain higher shares in underwriting and selling syndicates, has been conventionally recognized. This stance, however, in which the securities companies and/or the banks excessively pursue their own showings and underwriting and selling fees, makes it difficult to raise funds in sound markets. Also, since end capital raisers have insufficient knowledge and information on financial markets, in some cases, they have implicitly believed the advice of securities companies and/or banks and raised funds, and have been disadvantaged as a result. Since capital raising agencies of the invention execute capital raising purely from the viewpoint of end capital raisers, they can optimize the methods and timings of transactions and decrease their funding costs as a result.

8-2. A structure in which end capital managers entrust their funds to fiduciaries such as trust accounts with trust banks, investment management companies and investment trust management companies and then have the fiduciaries manage the funds, has been commonly known. The fiduciaries, however, have a strong tendency to be subsidiaries, associated companies or affiliated companies of securities companies or banks, and thus a market custom in which they are forced to purchase, directly or indirectly, securities handled by the securities companies and/or the banks engaged in underwriting and selling business, has been conventionally recognized. Since capital management agencies of the invention directly purchase securities issued by end capital raisers, not through securities companies or banks, they are freed from the conflict of interests arising between end capital managers and

the securities companies or the banks, and thus enable the capital management purely in line with the viewpoint of the end capital managers.

8-3. Since end capital transactors have insufficient knowledge and information on foreign exchange markets and financial derivative markets, in many cases, they have implicitly believed the advice of securities companies or banks and performed transactions, and have been disadvantaged as a result. Since capital transaction agencies of the invention execute transactions of foreign exchange products and/or financial derivative products purely from the viewpoint of end capital transactors, they can optimize the choices of products, methods and timings of transactions and/or the like, and bring end capital transactors more transaction profits and/or more advantageous contract conditions.

9-1. An entity that comprehensively evaluates capital raising performed by end capital raisers has not existed previously. Capital raising evaluators of the invention recommend to end capital raisers, capital raising agencies that are suited to their capital raising policies, compare the contents of the advice given by their capital raising agencies, the performance of capital raising effected by their commissioned capital raising agencies, or that of capital raising independently effected by themselves, with that of capital raising effected by other end capital raisers or other capital raising agencies, that of market indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital raisers can attain lower funding costs by commissioning the recommended capital raising agencies to raise their funds and/or by applying the given evaluations to their future capital raising.

9-2. Although a structure in which pension consultants and the like give advice to investors, has been commonly known, the provision of the advice has mainly targeted institutional investors and has not been a real-time service. Capital management evaluators of the invention recommend to end capital managers, whether they are individuals or corporations, capital management agencies that are suited to their capital management

policies, compare the contents of the advice given by their capital management agencies, the performance of capital management effected by their commissioned capital management agencies, or that of capital management independently effected by themselves, with that of capital management effected by other end capital managers or other capital management agencies, that of market indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital managers can realize higher yields on investment by commissioning the recommended capital management agencies to manage their funds and/or by applying the given evaluations to their future capital management.

9-3. An entity that comprehensively evaluates transactions of foreign exchange products or financial derivative products performed by end capital transactors has not existed previously. Capital transaction evaluators of the invention recommend to end capital transactors, capital transaction agencies that are suited to their capital transaction policies, compare the contents of the advice given by their capital transaction agencies, the performance of capital transactions effected by their commissioned capital transaction agencies, or that of capital transactions independently effected by themselves, with that of capital transactions effected by other end capital transactors or other capital transaction agencies, that of market indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital transactors can attain more transaction profits, more advantageous contract conditions and/or more effective hedge transactions by commissioning the recommended capital transaction agencies to perform transactions and/or by applying the given evaluations to their future capital transactions.

10-1. The present invention allows simultaneous collective financial transactions. That is, regarding the conventional issuance of equities, bonds, commercial papers and/or the like, it has been difficult for many end capital raisers to effect capital raising simultaneously since securities companies and/or banks that conduct underwriting and selling business have limited capacities for execution. Therefore, in many cases, end capital raisers who had

postponed their capital raising were disadvantaged by the subsequent falls of the markets, whilst capital managers who had failed to make investments missed the optimal timings as a result of the subsequent rises of the markets. In the invention, since end capital raisers are supplied with funds by end capital managers, not through securities companies or banks, and since simultaneous collective capital raising by a plurality of end capital raisers with similar current credit risks and similar outlooks for future credit risks and/or by a plurality of end capital raisers with similar current levels of equity prices and similar outlooks for future levels of equity prices can be effected, more end capital raisers and more end capital managers can participate in the markets simultaneously.

10-2. Although simultaneous collective loans by a plurality of capital managers have been executed domestically and overseas in the form of underwriting syndications consisting of banks and securities companies, this has been nothing more than a style that enabled financial institutions invited by an end capital raiser or a lead manager of an underwriting syndicate to participate in a single arrangement. Also, simultaneous collective buying of newly issued bonds, equities and/or commercial papers has been nothing more than a form that resulted in simultaneous collective buying of a single issue effected by capital managers after underwriting and selling syndicates consisting of banks and/or securities companies completed their placements. Meanwhile, there has been negligible communication among capital managers in the conventional capital management (including secondary offerings) in the secondary markets, and there has been no simultaneous collective capital management (including simultaneous collective secondary offerings) effected by a plurality of capital managers except those of a plurality of staff members within a single capital manager or those of a plurality of selling holders in a single name of issue.

In the invention, end capital managers and/or capital management agencies can improve yields on investment by keeping step with partners in simultaneous collective capital management, i.e. other end capital managers and/or capital management agencies with compatible capital management policies and objectives and thus by increasing the managed

amounts. On the other hand, if the amounts managed by the side of end capital managers increase through simultaneous collective capital management, end capital raisers can raise larger amounts with lower frequency and thus avoid missing the optimal timings in the markets and resulting in higher funding costs.

10-3. There has been negligible communication among capital transactors in the conventional transactions of foreign exchange products and financial derivative products, and thus there has been no simultaneous collective capital transaction performed by a plurality of capital transactors except that of a plurality of staff members within a single capital transactor. In the invention, end capital transactors and/or capital transaction agencies can attain more transaction profits and/or more advantageous contract conditions by keeping step with partners in simultaneous collective capital transactions, i.e. other end capital transactors and/or capital transaction agencies with compatible capital transaction policies and objectives and thus by increasing the transacted amounts.

BRIEF DESCRIPTION OF THE DRAWINGS

Other objects, features and advantages of the present invention will become apparent during the course of the following description of best modes for carrying-out of the invention, given while referring to the accompanying drawings of which:

FIG. 1 is an embodiment in accordance with the present invention illustrating transactions between end capital managers and end capital raisers;

FIG. 2 is a diagram showing an embodiment of the flows of funds and the fee collection scheme in FIG. 1;

FIG. 3 is an embodiment in accordance with the invention illustrating transactions between end capital managers;

FIG. 4 is a diagram showing an embodiment of the flows of funds and the fee collection scheme in FIG. 3;

FIG 5 is another embodiment in accordance with the invention illustrating transactions between end capital managers;

FIG 6 is a diagram showing an embodiment of the flows of funds and the fee collection scheme in FIG 5;

FIG 7 is an embodiment in accordance with the invention illustrating transactions between end capital transactors; and

FIG 8 is a diagram showing an embodiment of the flows of funds and the fee collection scheme in FIG 7.

BEST MODES FOR CARRYING-OUT OF THE INVENTION

The present invention relates to a disintermediated financial transaction system. That is, transaction markets of financial instruments are thereby created via at least one communication line on one or more computer networks; transaction intermediations by conventional banks, conventional securities companies and/or the like are thereby eliminated; and end customers such as end capital managers, end capital raisers and/or end capital transactors can thereby complete financial transactions directly between and/or among themselves on a matching basis.

The present invention will become more apparent from the following detailed description considered with reference to the accompanying drawings.

Although the description provides much specificity, the present invention is to match financial transaction demands of end customers directly or through their agencies and these enabling details should not be construed as limiting the scope of the invention. Also, it will be readily understood by those persons skilled in the art that the present invention is susceptible to many modifications, adaptations, and equivalent implementations without departing from this scope and without diminishing its attendant advantages. It is therefore intended that the present invention is not limited to the disclosed embodiments but should be

defined in accordance with the appended claims.

Now, in the present invention, disintermediated financial transactions that exclude conventional banks, conventional securities companies and/or the like are, by style, categorized as follows:

(a) General capital raising lead by capital raisers;

(b) Capital raising lead by capital managers;

(c) General capital management in the secondary markets, i.e. trading;

(d) Secondary offerings as one style of capital management in the secondary markets; and

(e) Capital transactions comprising foreign exchange transactions and financial derivative transactions.

FIGS. 1 and 2 are diagrams that illustrate transactions between end capital managers and end capital raisers. That is, after end capital raisers and/or capital raising agencies announce outlines of capital raising in the system, end capital managers and/or capital management agencies may participate in the capital raising.

First, the system operator 1 entitles the end capital managers 2, capital management agencies 3, capital management evaluators 4, providers of capital management reference data 5, end capital raisers 6, capital raising agencies 7, capital raising evaluators 8, and/or providers of capital raising proposal data 9 who desire to use the service. On the homepage, by financial instrument, sections for loans 10, bonds 11, equities 12, commercial papers 13 and/or the like are then established. The users of the service can effect transmission and receipt of data, communication, consultation, market transactions, contract confirmations, settlements and/or the like in the system.

Next, using portable document format (PDF) files, electronic mail and/or the like, the providers of capital management reference data 5 begin to send the reference data in real

time to the end capital managers 2 and the capital management agencies 3. Also, using PDF files, electronic mail and/or the like, the providers of capital raising proposal data 9 begin to send the proposal data in real time to the end capital raisers 6 and the capital raising agencies 7. At the same time, the system operator 1 begins to display the current market levels and transaction volumes of various financial transactions, and their histories in real time in the appropriate sections by financial instrument. Based on these various data and market level figures, the end capital managers 2, the capital management agencies 3, the end capital raisers 6, and/or the capital raising agencies 7 keep track of the levels of interest rates and equity prices, and wait for opportunities for their participation in market transactions.

Additionally, as used in the invention, the term 'market levels' means fixed or provisional terms of other capital raising, fixed or provisional terms of secondary offerings, contractual prices, indicative prices or theoretical prices of various financial instruments, and/or the like including market levels provided by financial transaction systems not within the scope of the invention, banks, and/or securities companies.

The end capital managers 2 or the end capital raisers 6 select capital management evaluators 4 or capital raising evaluators 8 based on profile data, evaluation fee scales, and/or the like recorded in databases provided by the system operator 1 and/or others.

Next, the capital management evaluators 4 selected by the end capital managers 2 introduce capital management agencies 3 that are suited to the capital management policies and objectives of the end capital managers 2, to the end capital managers 2, based on 'past capital management performance,' 'data on comparison with other capital management agencies,' 'data on comparison between performance of market indices and that of capital management,' 'agency fee scales,' and/or the like. Capital management evaluators 4 can format said data into a database form to make these data available in the system that can be searched by end capital managers 2.

Similarly, the capital raising evaluators 8 selected by the end capital raisers 6 introduce capital raising agencies 7 that are suited to the capital raising policies and objectives of the end capital raisers 6, to the end capital raisers 6, based on 'past capital raising performance,' 'data on comparison with other capital raising agencies,' 'data on comparison between performance of market indices and that of capital raising,' 'agency fee scales,' and/or the like. Capital raising evaluators 8 can format said data into a database form to make these data available in the system that can be searched by end capital raisers 6.

End capital managers 2 or end capital raisers 6 require the agencies commissioned to undertake their transactions to provide the evaluators with reports on the performance of capital management or capital raising on a regular basis to allow the evaluators to easily prepare various data to provide for the end capital managers 2 or the end capital raisers 6. Additionally, when end capital managers 2 or end capital raisers 6 independently participate in transactions as well, they can request evaluation of their capital management or capital raising by capital management evaluators 4 or capital raising evaluators 8. Also, the evaluators can provide the end capital managers 2 or the end capital raisers 6 with software and/or other tools in the system for evaluation of their capital management or capital raising.

Next, end capital managers 2 and end capital raisers 6 that have received introductions to agencies from evaluators, decide whether to delegate transactions to the introduced agencies, or independently participate in transactions while receiving only the advice of the agencies. At this point, the parties participating in market transactions, i.e. end capital managers 2, capital management agencies 3 representing end capital managers 2, end capital raisers 6, and capital raising agencies 7 representing end capital raisers 6 are identified.

Agency agreements that end capital managers 2 conclude with capital management agencies 3 may target specific capital management, or commission all capital management

during the agency agreement period, determining the commissioned amounts. Also, end capital managers 2 can designate a plurality of capital management agencies 3, and capital management agencies 3 can be commissioned as transaction agencies by a plurality of end capital managers 2. Capital management agencies 3 can aggregate and pool the capital management demands of end capital managers 2 with compatible capital management policies and objectives, and be delegated the capital management pool by pool. Also, using foreign or domestic trust accounts and/or various other funds, capital management agencies 3 can separate the funds commissioned by end capital managers 2 from their own credit risks.

Similarly, agency agreements that end capital raisers 6 conclude with capital raising agencies 7 may target specific capital raising, or commission all capital raising during the agency agreement period, determining the commissioned amounts. Also, end capital raisers 6 can designate a plurality of capital raising agencies 7, and capital raising agencies 7 can be commissioned as transaction agencies by a plurality of end capital raisers 6. Capital raising agencies 7 can aggregate and pool the capital raising demands of end capital raisers 6 with compatible capital raising policies and objectives and/or the capital raising demands of end capital raisers 6 with similar outlooks for future credit ratings, future earnings or the like, and be delegated the capital raising pool by pool.

Additionally, consideration of the conflict of interests between end capital managers 2 and end capital raisers 6 indicates that, in principle, the same agency cannot be commissioned for market transactions by both end capital managers 2 and end capital raisers 6.

Next, end capital managers 2 or capital management agencies 3 transfer the funds to manage or margin requirements, to the system operator 1. The operator 1 maintains custody of these funds in separate accounts for end capital managers 2 or capital management agencies 3. End capital raisers 6 or capital raising agencies 7 as well open accounts in the

system to receive payments and to pay interest, dividends, and/or principal to end capital managers 2 or capital management agencies 3.

Next, end capital raisers 6 or their commissioned capital raising agencies 7 who have decided to effect capital raising, gauge the timing of market changes and then convey to the system operator 1 outlines of the desired capital raising including amounts to raise, number of shares to issue, lifetimes, existence of collateral or guarantors, uses of funds, and/or the like. The operator 1 notifies all end capital managers 2 and all capital management agencies 3 of this information in the appropriate sections on the homepage by financial instrument. As provisional terms on the homepage, it lists prices, discount ratios, premium ratios, interest rates, yields, yield spreads, upper or lower limits of foreign exchange rates, and/or the like that the end capital raisers 6 or the capital raising agencies 7 require.

Next, if end capital managers 2 or their commissioned capital management agencies 3 are interested in the outlines and the provisional terms of this capital raising, referring to the provisional terms, they transmit to the operator 1 limit orders (specification of transaction volumes, particular prices, discount ratios, premium ratios, interest rates, yields, yield spreads or foreign exchange rates, and the like) or orders without limits (specification of transaction volumes, but non-specification of terms). The operator 1 uses the matching functions of the system to prioritize orders without limits, limit orders for provisional terms that favor the end capital raisers 6, and orders transmitted earlier, and to automatically allocate amounts or number of shares to end capital managers 2 or capital management agencies 3. Where the results of this real-time matching operation cause the amounts to be raised or the number of shares to be issued to fall short of the initially planned figures, then the capital raising ends at this point if the end capital raisers 6 or the capital raising agencies 7 compromise on the contracted amounts or number of shares. If there is not a compromise regarding insufficient amounts to be raised or number of shares to be issued, it somewhat shifts the provisional terms to favor the end capital managers 2 and then solicits limit orders

and orders without limits, again from end capital managers 2 or capital management agencies 3.

Additionally, in the system, end capital raisers 6 or capital raising agencies 7 can transmit prospectuses that they have prepared, to end capital managers 2 or capital management agencies 3 by PDF files and/or the like.

The system operator 1 can invite end capital managers 2 or capital management agencies 3, with compatible capital management policies and objectives, and then operate simultaneous collective capital management by those plural end capital managers 2 and/or capital management agencies 3. The system operator 1 may also execute this simultaneous collective capital management in response to requests from plural, specific end capital managers 2 or capital management agencies 3. Also, this simultaneous collective capital management may target specific management of financial instruments, or all capital management within a specified period.

The system operator 1 can invite end capital raisers 6 or capital raising agencies 7, with compatible capital raising policies and objectives, and then operate simultaneous collective capital raising by those plural end capital raisers 6 and/or capital raising agencies 7. The system operator 1 may also execute this simultaneous collective capital raising in response to requests from plural, specific end capital raisers 6 or capital raising agencies 7. Also, this simultaneous collective capital raising may target specific capital raising, or all capital raising within a specified period. The main financial instruments for which simultaneous collective capital raising can be effected are as follows.

(a) Simultaneous collective borrowing, simultaneous collective issuance of bonds, simultaneous collective issuance of commercial papers, and/or the like by a plurality of end capital raisers 6 with similar current credit risks and similar outlooks for future credit risks.

(b) Simultaneous collective issuance of equities and/or the like by a plurality of end capital

raisers 6 with similar current levels of equity prices and similar outlooks for future levels of equity prices.

(c) Simultaneous collective issuance of convertible bonds, simultaneous collective issuance of bonds with equity subscription warrants, and/or the like by a plurality of end capital raisers 6 with similar current credit risks and similar outlooks for future credit risks, and similar current levels of equity prices and similar outlooks for future levels of equity prices.

Next, the system operator 1 confirms contracts with both the capital management side and the capital raising side at the point when transactions are effected between end capital managers 2 or capital management agencies 3, and end capital raisers 6 or capital raising agencies 7, and contract amounts are subsequently transferred from the accounts of the end capital managers 2 or the capital management agencies 3 to the accounts of the end capital raisers 6 or the capital raising agencies 7 through inter-account transfers in the system. With reference to loans, the operator 1 prepares loan agreements and/or the like, and both the capital management side and the capital raising side seal or sign these documents. The operator 1 takes custody of equities, bonds, commercial papers and/or other certificates on their own responsibility, and effects delivery through inter-account transfer processing. Therefore, there is no physical delivery or receipt of the certificates between the capital management side and the capital raising side.

Next, the system operator 1 performs administration of the following items and/or the like after conclusion of the capital raising agreements.

(a) With reference to the capital raising, it inspects end capital managers 2, capital management agencies 3, end capital raisers 6 and/or capital raising agencies 7 to determine whether there is proper compliance with laws, regulations and/or internal company rules, filing of transaction reports with authorities, disclosure of information to the general public, and/or the like respectively. Also, the system operator 1 files its own reports with authorities and/or discloses information to the general public as necessary.

(b) With reference to the capital raising, it provides software and/or other tools that can be used in risk management and/or profit and loss management in the system to end capital managers 2, capital management agencies 3, end capital raisers 6 and/or capital raising agencies 7.

(c) It effects payment of interest, dividends and/or principal from end capital raisers 6 or capital raising agencies 7 to end capital managers 2 or capital management agencies 3 through inter-account transfers in the system. Also, the operator 1 can effect payment of line charges, service charges, advertisement fees, information subscription fees, various evaluations fees, various agency fees, and/or the like through inter-account transfers between the parties in the system.

(d) It executes administrative procedures for the various exercise of rights by end capital managers 2 or capital management agencies 3, and/or end capital raisers 6 or capital raising agencies 7 such as premature repayment of loans, premature redemption of bonds or commercial papers, interest rate changes for loans or bonds before maturity, stock split-ups, exercise of voting and other shareholder's rights, exercise of rights to convert convertible bonds to equities, and exercise of rights of bonds with warrants to purchase equities.

(e) If the creditworthiness of end capital raisers 6 or capital raising agencies 7 regarding loans, bonds, commercial papers and/or the like declines substantially before maturity, or end capital raisers 6 or capital raising agencies 7 cannot pay interest and principal before or at maturity resulting in default, it fulfills a guidance role in the preservation and recovery of credits and/or in the institution of legal proceedings on behalf of the creditors (end capital managers 2 or capital management agencies 3) at that point in time.

Also, another method for transactions between end capital managers and end capital raisers is that, after end capital managers and/or capital management agencies announce in the system the terms that they desire of end capital raisers, the end capital raisers and/or their capital raising agencies accept the capital raising.

First, the system operator 1 entitles the end capital managers 2, capital management agencies 3, capital management evaluators 4, providers of capital management reference data 5, end capital raisers 6, capital raising agencies 7, capital raising evaluators 8, and/or providers of capital raising proposal data 9 who desire to use the service. On the homepage, by financial instrument, sections for loans 10, bonds 11, equities 12, commercial papers 13 and/or the like are then established. The users of the service can effect transmission and receipt of data, communication, consultation, market transactions, contract confirmations, settlements and/or the like in the system.

Next, using portable document format (PDF) files, electronic mail and/or the like, the providers of capital management reference data 5 begin to send the reference data in real time to the end capital managers 2 and the capital management agencies 3. Also, using PDF files, electronic mail and/or the like, the providers of capital raising proposal data 9 begin to send the proposal data in real time to the end capital raisers 6 and the capital raising agencies 7. At the same time, the system operator 1 begins to display the current market levels and transaction volumes of various financial transactions, and their histories in real time in the appropriate sections by financial instrument. Based on these various data and market level figures, the end capital managers 2, the capital management agencies 3, the end capital raisers 6, and/or the capital raising agencies 7 keep track of the levels of interest rates and equity prices, and wait for opportunities for their participation in market transactions.

Additionally, as used in the invention, the term 'market levels' means fixed or provisional terms of other capital raising, fixed or provisional terms of secondary offerings, contractual prices, indicative prices or theoretical prices of various financial instruments, and/or the like including market levels provided by financial transaction systems not within the scope of the invention, banks, and/or securities companies.

The end capital managers 2 or the end capital raisers 6 select capital management

evaluators 4 or capital raising evaluators 8 based on profile data, evaluation fee scales, and/or the like recorded in databases provided by the system operator 1 and/or others.

Next, the capital management evaluators 4 selected by the end capital managers 2 introduce capital management agencies 3 that are suited to the capital management policies and objectives of the end capital managers 2, to the end capital managers 2, based on 'past capital management performance,' 'data on comparison with other capital management agencies,' 'data on comparison between performance of market indices and that of capital management,' 'agency fee scales,' and/or the like. Capital management evaluators 4 can format said data into a database form to make these data available in the system that can be searched by end capital managers 2.

Similarly, the capital raising evaluators 8 selected by the end capital raisers 6 introduce capital raising agencies 7 that are suited to the capital raising policies and objectives of the end capital raisers 6, to the end capital raisers 6, based on 'past capital raising performance,' 'data on comparison with other capital raising agencies,' 'data on comparison between performance of market indices and that of capital raising,' 'agency fee scales,' and/or the like. Capital raising evaluators 8 can format said data into a database form to make these data available in the system that can be searched by end capital raisers 6.

End capital managers 2 or end capital raisers 6 require the agencies commissioned to undertake their transactions to provide the evaluators with reports on the performance of capital management or capital raising on a regular basis to allow the evaluators to easily prepare various data to provide for the end capital managers 2 or the end capital raisers 6. Additionally, when end capital managers 2 or end capital raisers 6 independently participate in transactions as well, they can request evaluation of their capital management or capital raising by capital management evaluators 4 or capital raising evaluators 8. Also, the evaluators can provide the end capital managers 2 or the end capital raisers 6 with software

and/or other tools in the system for evaluation of their capital management or capital raising.

Next, end capital managers 2 and end capital raisers 6 that have received introductions to agencies from evaluators, decide whether to delegate transactions to the introduced agencies, or independently participate in transactions while receiving only the advice of the agencies. At this point, the parties participating in market transactions, i.e. end capital managers 2, capital management agencies 3 representing end capital managers 2, end capital raisers 6, and capital raising agencies 7 representing end capital raisers 6 are identified.

Agency agreements that end capital managers 2 conclude with capital management agencies 3 may target specific capital management, or commission all capital management during the agency agreement period, determining the commissioned amounts. Also, end capital managers 2 can designate a plurality of capital management agencies 3, and capital management agencies 3 can be commissioned as transaction agencies by a plurality of end capital managers 2. Capital management agencies 3 can aggregate and pool the capital management demands of end capital managers 2 with compatible capital management policies and objectives, and be delegated the capital management pool by pool. Also, using foreign or domestic trust accounts and/or various other funds, capital management agencies 3 can separate the funds commissioned by end capital managers 2 from their own credit risks.

Similarly, agency agreements that end capital raisers 6 conclude with capital raising agencies 7 may target specific capital raising, or commission all capital raising during the agency agreement period, determining the commissioned amounts. Also, end capital raisers 6 can designate a plurality of capital raising agencies 7, and capital raising agencies 7 can be commissioned as transaction agencies by a plurality of end capital raisers 6. Capital raising agencies 7 can aggregate and pool the capital raising demands of end capital raisers 6 with compatible capital raising policies and objectives and/or the capital raising demands of end

capital raisers 6 with similar outlooks for future credit ratings, future earnings or the like, and be delegated the capital raising pool by pool.

Additionally, consideration of the conflict of interests between end capital managers 2 and end capital raisers 6 indicates that, in principle, the same agency cannot be commissioned for market transactions by both end capital managers 2 and end capital raisers 6.

Next, end capital managers 2 or capital management agencies 3 transfer the funds to manage or margin requirements, to the system operator 1. The operator 1 maintains custody of these funds in separate accounts for end capital managers 2 or capital management agencies 3. End capital raisers 6 or capital raising agencies 7 as well open accounts in the system to receive payments and to pay interest, dividends, and/or principal to end capital managers 2 or capital management agencies 3.

Next, end capital managers 2 or their commissioned capital management agencies 3 gauge the timing of market changes and then convey to the system operator 1 transaction volumes, capital management periods, desired names, industries, credit ratings or stock ratings of end capital raisers 6 as objects of capital management, desired prices, discount ratios, premium ratios, interest rates, yields, yield spreads or upper or lower limits of foreign exchange rates as specific terms, and/or the like. In the appropriate sections on the homepage by financial instrument, the operator 1 notifies of the above terms, end capital raisers 6 or their commissioned capital raising agencies 7 if the names of the end capital raisers 6 are specified, or all eligible end capital raisers 6 or their commissioned capital raising agencies 7 if the industries, credit ratings and/or stock ratings of end capital raisers 6 are specified. End capital managers 2 or capital management agencies 3 may also specify a plurality of end capital raisers 6 as objects of capital management.

Next, the end capital raisers 6 or their commissioned capital raising agencies 7 who have

received the notification from the operator 1 decide, if they can accept the terms of the capital raising presented by the end capital managers 2 or the capital management agencies 3, to effect the capital raising in line with the terms. On the other hand, if agreement cannot be reached despite their general interest in the terms, negotiations are conducted with end capital managers 2 or capital management agencies 3 in an attempt to reach a compromise.

Additionally, in the system, end capital raisers 6 or capital raising agencies 7 can transmit prospectuses that they have prepared, to end capital managers 2 or capital management agencies 3 by PDF files and/or the like.

The system operator 1 can invite end capital managers 2 or capital management agencies 3, with compatible capital management policies and objectives, and then operate simultaneous collective capital management by those plural end capital managers 2 and/or capital management agencies 3. The system operator 1 may also execute this simultaneous collective capital management in response to requests from plural, specific end capital managers 2 or capital management agencies 3. Also, this simultaneous collective capital management may target specific management of financial instruments, or all capital management within a specified period.

Next, the system operator 1 confirms contracts with both the capital management side and the capital raising side at the point when transactions are effected between end capital managers 2 or capital management agencies 3, and end capital raisers 6 or capital raising agencies 7, and contract amounts are subsequently transferred from the accounts of the end capital managers 2 or the capital management agencies 3 to the accounts of the end capital raisers 6 or the capital raising agencies 7 through inter-account transfers in the system. With reference to loans, the operator 1 prepares loan agreements and/or the like, and both the capital management side and the capital raising side seal or sign these documents. The operator 1 takes custody of equities, bonds, commercial papers and/or other certificates on

their own responsibility, and effects delivery through inter-account transfer processing. Therefore, there is no physical delivery or receipt of the certificates between the capital management side and the capital raising side.

Next, the system operator 1 performs administration of the following items and/or the like after conclusion of the capital raising agreements.

(a) With reference to the capital raising, it inspects end capital managers 2, capital management agencies 3, end capital raisers 6 and/or capital raising agencies 7 to determine whether there is proper compliance with laws, regulations and/or internal company rules, filing of transaction reports with authorities, disclosure of information to the general public, and/or the like respectively. Also, the system operator 1 files its own reports with authorities and/or discloses information to the general public as necessary.

(b) With reference to the capital raising, it provides software and/or other tools that can be used in risk management and/or profit and loss management in the system to end capital managers 2, capital management agencies 3, end capital raisers 6 and/or capital raising agencies 7.

(c) It effects payment of interest, dividends and/or principal from end capital raisers 6 or capital raising agencies 7 to end capital managers 2 or capital management agencies 3 through inter-account transfers in the system. Also, the operator 1 can effect payment of line charges, service charges, advertisement fees, information subscription fees, various evaluations fees, various agency fees, and/or the like through inter-account transfers between the parties in the system.

(d) It executes administrative procedures for the various exercise of rights by end capital managers 2 or capital management agencies 3, and/or end capital raisers 6 or capital raising agencies 7 such as premature repayment of loans, premature redemption of bonds or commercial papers, interest rate changes for loans or bonds before maturity, stock split-ups, exercise of voting and other shareholder's rights, exercise of rights to convert convertible bonds to equities, and exercise of rights of bonds with warrants to purchase equities.

(e) If the creditworthiness of end capital raisers 6 or capital raising agencies 7 regarding loans, bonds, commercial papers and/or the like declines substantially before maturity, or end capital raisers 6 or capital raising agencies 7 cannot pay interest and principal before or at maturity resulting in default, it fulfills a guidance role in the preservation and recovery of credits and/or in the institution of legal proceedings on behalf of the creditors (end capital managers 2 or capital management agencies 3) at that point in time.

Next, an embodiment of the flow of funds and fee collection mechanism is explained by FIG. 2.

In the diagram, ① is the flow of payments from end capital managers 2 or capital management agencies 3 to end capital raisers 6 or capital raising agencies 7.

② is payment of line charges, service charges, advertisement fees (banner ads and pop-up ads displayed on the homepage), and/or the like from users to the system operator 1.

③ is payment of information subscription fees from end capital managers 2 and capital management agencies 3 to providers of capital management reference data 5.

④ is payment of information subscription fees from end capital raisers 6 and capital raising agencies 7 to providers of capital raising proposal data 9.

⑤ is payment of capital management evaluation fees from end capital managers 2 to capital management evaluators 4.

⑥ is payment of capital management agency fees from end capital managers 2 to capital management agencies 3.

⑦ is payment of capital raising evaluation fees from end capital raisers 6 to capital raising evaluators 8.

⑧ is payment of capital raising agency fees from end capital raisers 6 to capital raising agencies 7.

In the embodiment, the advantages for end capital managers and end capital raisers are as follows:

First, an increase of yields on investment and/or a decrease of funding costs can be realized because banks are excluded. That is, in a conventional structure in which end capital managers supply funds to banks through deposits, savings, purchase of bank debentures, and/or the like and then the banks supply the funds to end capital raisers through lending the funds to the end capital raisers, purchasing securities issued by the end capital raisers, and/or the like, because the banks take their margins during the flow of the funds, the end capital managers suffer a decrease of yields on investment and/or the end capital raisers suffer an increase of funding costs. In the invention, since funds are supplied from end capital managers to end capital raisers, the margins of any intermediating banks are eliminated and thus the end capital managers can enjoy higher yields on investment and/or the end capital raisers can attain lower funding costs.

Also, since banks are excluded, an increase of yields on investment and/or a decrease of funding costs can be realized even when interest rates have changed. That is, in a situation in which interest rates have risen, interest rates on deposits, savings and/or bank debentures do not increase to the same degree as those of loans provided for end capital raisers by banks that wish to enlarge their margins, and thus disadvantage end capital managers. On the other hand, in a situation in which interest rates have fallen, interest rates on borrowings do not decrease to the same degree as those of deposits, savings, and/or bank debentures tapped by banks that wish to enlarge their margins, and thus disadvantage end capital raisers. In the invention, since funds are supplied from end capital managers to end capital raisers, the end capital managers can enjoy higher yields on investment in the situation in which interest rates have risen, and/or the end capital raisers can attain lower funding costs in the situation in which interest rates have fallen.

Furthermore, mechanisms for deciding interest rates can be corrected. That is, although interest rates of deposits and/or savings should be differentiated according to the degree of credit risks in individual banks that keep the funds, there have conventionally been

negligible differences due to high peer pressure among the banks, and thus end capital managers have also had to endure low interest rates that do not correspond to the credit risks in particular banks. On the other hand, although loan interest rates that banks apply to end capital raisers are determined in principle by adding some percent to funding rates of the banks themselves, there have conventionally been negligible differences due to uniform methods of setting interest rates on the basis of prime rates and/or the like and high peer pressure among the banks, and thus end capital raisers have had to endure high interest rates that do not correspond to their own creditworthiness. In the invention, since funds are supplied from end capital managers to end capital raisers, interest rates corresponding to the creditworthiness of the end capital raisers are determined based on a balance between supply and demand in the markets, and thus the end capital managers and the end capital raisers can enjoy interest rate levels which both parties can accept.

Also, funding costs can be decreased by the elimination of underwriting and selling fees. That is, in a conventional structure in which an end capital raiser issues equities, bonds, commercial papers and/or the like through a securities company and/or a bank and then an end capital manager purchases these securities through the securities company and/or the bank, since the intermediating securities company and/or bank collects underwriting and selling fees, the end capital raiser suffers an increase of funding costs. In the invention, since funds are supplied from end capital managers to end capital raisers, underwriting and selling fees payable to intermediating securities companies and/or banks are eliminated and thus the end capital raisers can attain lower funding costs.

Also, neutrality of information can be maintained by independent data providers. That is, a stance in which securities companies and/or banks provide information related to capital raising and information related to capital management for end capital raisers and end capital managers respectively in order to win a lead-management role in the underwriting and selling business and/or to gain higher shares in underwriting and selling syndicates, has been

conventionally recognized. This stance, however, in which the securities companies and/or the banks pursue their own showings excessively, makes it difficult for end capital raisers to realize optimum capital raising and for end capital managers to realize optimum capital management. Since providers of capital raising proposal data and providers of capital management reference data of the invention supply the data from the viewpoints of end capital raisers and end capital managers, the end capital raisers and the end capital managers can optimize their capital raising and capital management respectively.

Also, since securities companies and/or banks are excluded, end capital managers and end capital raisers are placed on an equal footing. That is, since a securities company and/or a bank conventionally trades with both an end capital manager and an end capital raiser, occasionally, depending on its business strategy, one of them is treated advantageously and the other is treated disadvantageously. For example, in the case of a business strategy that attaches importance to end capital raisers, an end capital manager having poor capital management skills is sometimes urged to supply its funds to an end capital raiser so that the end capital raiser can attain a lower funding cost. On the other hand, in the case of a business strategy that attaches importance to end capital managers, an end capital raiser having poor capital raising skills is sometimes urged to raise funds targeting an end capital manager so that the end capital manager can attain a higher yield on investment. In the invention, since levels of capital raising are determined based on a balance of supply and demand between end capital managers and end capital raisers, neither side gains an advantage or suffers a disadvantage.

Also, both end capital managers and end capital raisers can enjoy the convenience of simultaneous collective capital raising. That is, regarding the conventional issuance of equities, bonds, commercial papers and/or the like, it has been difficult for many end capital raisers to effect capital raising simultaneously since securities companies and/or banks that conduct underwriting and selling business have limited capacities for execution. Therefore,

in many cases, end capital raisers who had postponed their capital raising were disadvantaged by the subsequent falls of the markets, whilst capital managers who had failed to make investments missed the optimal timings as a result of the subsequent rises of the markets. In the invention, since end capital raisers are supplied with funds by end capital managers, not through securities companies or banks, and since simultaneous collective capital raising by a plurality of end capital raisers with similar current credit risks and similar outlooks for future credit risks and/or by a plurality of end capital raisers with similar current levels of equity prices and similar outlooks for future levels of equity prices can be effected, more end capital raisers and more end capital managers can participate in the markets simultaneously.

Also, both end capital managers and end capital raisers can enjoy the convenience of simultaneous collective capital management as well. That is, although simultaneous collective loans effected by a plurality of capital managers have centered on overseas arrangements in the form of underwriting syndications consisting of banks and/or securities companies, this has been nothing more than a style that enabled financial institutions invited by an end capital raiser or a lead manager of an underwriting syndicate to participate in a single arrangement. Also, simultaneous collective buying of newly issued bonds, equities and/or commercial papers has been nothing more than a form that resulted in simultaneous collective buying of a single issue effected by capital managers after underwriting and selling syndicates consisting of banks and/or securities companies completed their placements. In the invention, end capital managers and/or capital management agencies can improve yields on investment by keeping step with partners in simultaneous collective capital management, i.e. other end capital managers and/or capital management agencies with compatible capital management policies and objectives and thus by increasing the managed amounts. On the other hand, if the amounts managed by the side of end capital managers increase through simultaneous collective capital management, end capital raisers can raise larger amounts with lower frequency and thus avoid missing the optimal timings in

the markets and resulting in higher funding costs.

Also, the issuance of private equities can be stimulated. That is, partly because private companies, compared with publicly-held companies, disclose insufficient information, their methods of raising funds have inclined toward bank loans and/or the like and thus their capital raising by equity issuance has been limited to those targeting relevant connections or to the like. In the invention, since the system operator and/or the like displays theoretical prices of private equities, and capital raising agencies, capital raising evaluators, capital management agencies and/or capital management evaluators provide a great store of useful knowledge and information on private equities, the demands of end capital raisers and end capital managers can be cultivated and thus the inactive markets can be stimulated.

Next, additional advantages for end capital managers in the embodiment are as follows:

First, they are released from dual credit risks. That is, in a conventional structure in which end capital managers supply funds to banks through deposits, savings, purchase of bank debentures and/or the like and then the banks supply the funds to end capital raisers through lending the funds to the end capital raisers, purchasing bonds, commercial papers or the like issued by the end capital raisers, and/or the like, the end capital managers are exposed to dual credit risks. One is a credit risk in the banks for which the end capital managers directly supply the funds, and the other is a credit risk in the end capital raisers for which the end capital managers indirectly supply the funds through the banks. In the invention, since funds are supplied from end capital managers to end capital raisers, the end capital managers are released from the credit risks in intermediating banks.

Also, individual end capital managers can fully participate in interest rate products. That is, since most interest rate products for individual end capital managers have conventionally been deposits and savings, the individual end capital managers have had little knowledge of credit risks that all interest rate products essentially have, and of bonds the prices of which

affect yields on investment. Although debenture-issuing banks such as long-term credit banks and bond-issuing non-financial corporations exemplify domestic capital raisers that use bond issuance, these capital raisers have discriminated in yields between bonds targeting institutions equipped with sufficient knowledge thereof and bonds targeting individual end capital managers, and thus the individual end capital managers equipped with insufficient knowledge and information on the markets have been disadvantaged in many cases. Also, in a financial structure in which individuals have only indirectly participated in loans and/or commercial paper investments through intermediating banks, they have found it impossible to directly invest in these instruments. In the invention, by being provided with capital management agencies and/or capital management evaluators who have a great store of knowledge and information on interest rate products, individual end capital managers can make major investments in bonds and include in their capital management portfolios loan assets and/or commercial papers.

Also, neutrality can be provided for capital management agencies. That is, a structure in which end capital managers entrust their funds to fiduciaries such as trust accounts with trust banks, investment management companies, investment trust management companies and/or the like and then have them manage the funds, has been commonly known. These fiduciaries, however, have a strong tendency to be subsidiaries, associated companies or affiliated companies of securities companies or banks, and thus a market custom in which they are forced to purchase, directly or indirectly, securities handled by the securities companies and/or the banks engaged in underwriting and selling business, has been conventionally recognized. Since capital management agencies of the invention directly purchase securities issued by end capital raisers, not through securities companies or banks, they are freed from the conflict of interests arising between end capital managers and the securities companies or the banks, and thus enable the capital management purely in line with the viewpoint of the end capital managers.

Also, the quality of capital management evaluation can be improved. That is, although a structure in which pension consultants and/or the like give advice to investors, has been commonly known, the provision of the advice has mainly targeted institutional investors and has not been a real-time service. Capital management evaluators of the invention recommend to end capital managers, whether they are individuals or corporations, capital management agencies that are suited to their capital management policies, compare the contents of the advice given by their capital management agencies, the performance of capital management effected by their commissioned capital management agencies, or that of capital management independently effected by themselves, with that of capital management effected by other end capital managers or other capital management agencies, that of market indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital managers can realize higher yields on investment by commissioning the recommended capital management agencies to manage their funds and/or by applying the given evaluations to their future capital management.

Next, additional advantages for end capital raisers in the embodiment are as follows:

First, the provision of capital raising agencies decreases funding costs. That is, a stance in which securities companies and/or banks provide advice related to capital raising for end capital raisers in order to win a lead-management role in underwriting and selling business and/or to gain higher shares in underwriting and selling syndicates, has been conventionally recognized. This stance, however, in which the securities companies and/or the banks excessively pursue their own showings and underwriting and selling fees, makes it difficult to raise funds in sound markets. Also, since end capital raisers have insufficient knowledge and information on financial markets, in some cases, they have implicitly believed the advice of securities companies and/or banks and raised funds, and have been disadvantaged as a result. Since capital raising agencies of the invention execute capital raising purely from the viewpoint of end capital raisers, they can optimize the methods and timings of transactions and decrease their funding costs as a result.

Also, the provision of capital raising evaluators decreases funding costs. That is, an entity that comprehensively evaluates capital raising effected by end capital raisers has not existed previously. Capital raising evaluators of the invention recommend to end capital raisers, capital raising agencies that are suited to their capital raising policies, compare the contents of the advice given by their capital raising agencies, the performance of capital raising effected by their commissioned capital raising agencies, or that of capital raising independently effected by themselves, with that of capital raising effected by other end capital raisers or other capital raising agencies, that of market indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital raisers can attain lower funding costs by commissioning the recommended capital raising agencies to raise their funds and/or by applying the given evaluations to their future capital raising.

Next, FIGS. 3 and 4 are diagrams that illustrate transactions between end capital managers in the invention.

First, the case of general trading in the secondary markets will be described.

That is, the system operator 1 entitles the end capital managers 2, capital management agencies 3, capital management evaluators 4, and/or providers of capital management reference data 5 who desire to use the service. On the homepage, by financial instrument, sections for loan assets 14, bonds 11, equities 12, commercial papers 13 and/or the like are then established. The users of the service can effect transmission and receipt of data, communication, consultation, market transactions, contract confirmations, settlements and/or the like in the system.

Next, using portable document format (PDF) files, electronic mail and/or the like, the providers of capital management reference data 5 begin to send the reference data in real time to the end capital managers 2 and the capital management agencies 3. On the other hand, the system operator 1 begins to display the current market levels and transaction

volumes of various financial transactions, and their histories in real time in the appropriate sections by financial instrument. Based on these various data and market level figures, the end capital managers 2 and/or the capital management agencies 3 keep track of the levels of interest rates and equity prices, and wait for opportunities for their participation in market transactions.

Additionally, as used in the invention, the term 'market levels' means contractual prices, indicative prices or theoretical prices of various financial instruments, fixed or provisional terms of secondary offerings or capital raising, and/or the like including market levels provided by financial transaction systems not within the scope of the invention, banks, and/or securities companies.

The end capital managers 2 select capital management evaluators 4 based on profile data, evaluation fee scales, and/or the like recorded in databases provided by the system operator 1 and/or others. Next, the capital management evaluators 4 selected by the end capital managers 2 introduce capital management agencies 3 that are suited to the capital management policies and objectives of the end capital managers 2, to the end capital managers 2, based on 'past capital management performance,' 'data on comparison with other capital management agencies,' 'data on comparison between performance of market indices and that of capital management,' 'agency fee scales,' and/or the like. Capital management evaluators 4 can format said data into a database form to make these data available in the system that can be searched by end capital managers 2. End capital managers 2 require the capital management agencies 3 commissioned to undertake their transactions to provide the capital management evaluators 4 with reports on the performance of capital management on a regular basis to allow the capital management evaluators 4 to easily prepare various data to provide for the end capital managers 2.

Additionally, when end capital managers 2 independently participate in transactions as

well, they can request evaluation of their capital management by capital management evaluators 4. Also, the capital management evaluators 4 can provide the end capital managers 2 with software and/or other tools in the system for evaluation of their capital management.

Next, end capital managers 2 that have received introductions to capital management agencies 3 from capital management evaluators 4, decide whether to delegate transactions to the introduced capital management agencies 3, or independently participate in transactions while receiving only the advice of the capital management agencies 3. Agency agreements that end capital managers 2 conclude with capital management agencies 3 may target specific capital management, or commission all capital management during the agency agreement period, determining the commissioned amounts. Also, end capital managers 2 can designate a plurality of capital management agencies 3, and capital management agencies 3 can be commissioned as transaction agencies by a plurality of end capital managers 2. Capital management agencies 3 can aggregate and pool the capital management demands of end capital managers 2 with compatible capital management policies and objectives, and be delegated the capital management pool by pool.

Also, using foreign or domestic trust accounts and/or various other funds, capital management agencies 3 can separate the funds commissioned by end capital managers 2 from their own credit risks.

Next, end capital managers 2 or capital management agencies 3 transfer the funds to manage or margin requirements, to the system operator 1. The operator 1 maintains custody of these funds in separate accounts for end capital managers 2 or capital management agencies 3. Also, it opens accounts in the system for end capital raisers 6 or capital raising agencies 7 as well on which they pay interest, dividends and/or principal to end capital managers 2 or capital management agencies 3 until maturity.

Next, when end capital managers 2 or capital management agencies 3 decide to buy or sell specific financial instruments, they transmit to the operator 1 limit orders (specification of trading volumes, and particular prices or yields) or orders without limits (specification of trading volumes, but non-specification of prices or yields). The operator 1 uses matching functions of the system to prioritize orders without limits, limit orders for buying that favor the sellers, limit orders for selling that favor the buyers, and orders transmitted earlier, and to automatically allocate amounts or number of shares to the buyers or the sellers. Additionally, trading may or may not be effected, depending on the supply-demand balance of relevant financial instruments at specific moments.

The system operator 1 can invite end capital managers 2 or capital management agencies 3, with compatible capital management policies and objectives, and then operate simultaneous collective capital management by those plural end capital managers 2 and/or capital management agencies 3. The system operator 1 may also execute this simultaneous collective capital management in response to requests from plural, specific end capital managers 2 or capital management agencies 3. Also, this simultaneous collective capital management may target specific management of financial instruments, or all capital management within a specified period.

At the point when transactions are effected between the buyers and the sellers, the system operator 1 confirms contracts with both sides, and contract amounts are subsequently transferred from the accounts of the buyers to the accounts of the sellers through inter-account transfers in the system. Additionally, the contract amounts of loan assets and bonds adjust the accrued interest payable by the buyers to the sellers. With reference to trading of loan assets, the operator 1 prepares agreements and the like under which the sellers assign their claims to the buyers, and both the buyers and the sellers seal or sign these documents. The operator 1 takes custody of equities, bonds, commercial papers and/or other

certificates on their own responsibility, and effects delivery from the sellers to the buyers through inter-account transfer processing. Therefore, there is no physical delivery or receipt of the certificates between end capital managers 2.

Additionally, using the system, end capital managers 2 and/or capital management agencies 3 can lend securities that they hold to other end capital managers 2 and/or other capital management agencies 3.

Next, the system operator 1 performs administration of the following items and/or the like after conclusion of the trading contracts.
(a) With reference to the trading, it inspects end capital managers 2 and/or capital management agencies 3 to determine whether there is proper compliance with laws, regulations and/or internal company rules, filing of transaction reports with authorities, disclosure of information to the general public, and/or the like respectively. Also, the system operator 1 files its own reports with authorities and/or discloses information to the general public as necessary.
(b) With reference to the trading, it provides software and/or other tools that can be used in risk management and/or profit and loss management in the system to end capital managers 2 and/or capital management agencies 3.
(c) It effects payment of interest, dividends and/or principal from end capital raisers 6 or capital raising agencies 7 to end capital managers 2 or capital management agencies 3 through inter-account transfers in the system. Also, the operator 1 can effect payment of line charges, service charges, advertisement fees, information subscription fees, various evaluations fees, various agency fees, and/or the like through inter-account transfers between the parties in the system.
(d) It executes administrative procedures for the various exercise of rights by end capital managers 2 or capital management agencies 3, and/or end capital raisers 6 or capital raising agencies 7 such as premature repayment of loans, premature redemption of bonds or

commercial papers, interest rate changes for loans or bonds before maturity, stock split-ups, exercise of voting and other shareholder's rights, exercise of rights to convert convertible bonds to equities, and exercise of rights of bonds with warrants to purchase equities.

(e) If the creditworthiness of end capital raisers 6 or capital raising agencies 7 regarding loans, bonds, commercial papers and/or the like declines substantially before maturity, or end capital raisers 6 or capital raising agencies 7 cannot pay interest and principal before or at maturity resulting in default, it fulfills a guidance role in the preservation and recovery of credits and/or in the institution of legal proceedings on behalf of the creditors (end capital managers 2 or capital management agencies 3) at that point in time.

FIG. 5 is a diagram that illustrates transactions between end capital managers in the invention in the case of secondary offerings.

The system operator 1 entitles the end capital managers 2, capital management agencies 3, capital management evaluators 4, and/or providers of capital management reference data 5 who desire to use the service. On the homepage, by financial instrument, sections for loan assets 14, bonds 11, equities 12, commercial papers 13 and/or the like are then established. The users of the service can effect transmission and receipt of data, communication, consultation, market transactions, contract confirmations, settlements and/or the like in the system.

Next, using portable document format (PDF) files, electronic mail and/or the like, the providers of capital management reference data 5 begin to send the reference data in real time to the end capital managers 2 and the capital management agencies 3. On the other hand, the system operator 1 begins to display the current market levels and transaction volumes of various financial transactions, and their histories in real time in the appropriate sections by financial instrument. Based on these various data and market level figures, the end capital managers 2 and/or the capital management agencies 3 keep track of the levels of interest rates and equity prices, and wait for opportunities for their participation in market

transactions.

Additionally, as used in the invention, the term 'market levels' means fixed or provisional terms of other secondary offerings, contractual prices, indicative prices or theoretical prices of various financial instruments, fixed or provisional terms of capital raising, and/or the like including market levels provided by financial transaction systems not within the scope of the invention, banks, and/or securities companies.

The end capital managers 2 select capital management evaluators 4 based on profile data, evaluation fee scales, and/or the like recorded in databases provided by the system operator 1 and/or others. Next, the capital management evaluators 4 selected by the end capital managers 2 introduce capital management agencies 3 that are suited to the capital management policies and objectives of the end capital managers 2, to the end capital managers 2, based on 'past capital management performance,' 'data on comparison with other capital management agencies,' 'data on comparison between performance of market indices and that of capital management,' 'agency fee scales,' and/or the like. Capital management evaluators 4 can format said data into a database form to make these data available in the system that can be searched by end capital managers 2. End capital managers 2 require the capital management agencies 3 commissioned to undertake their transactions to provide the capital management evaluators 4 with reports on the performance of capital management on a regular basis to allow the capital management evaluators 4 to easily prepare various data to provide for the end capital managers 2.

Additionally, when end capital managers 2 independently participate in transactions as well, they can request evaluation of their capital management by capital management evaluators 4. Also, the capital management evaluators 4 can provide the end capital managers 2 with software and/or other tools in the system for evaluation of their capital management.

Next, end capital managers 2 that have received introductions to capital management agencies 3 from capital management evaluators 4, decide whether to delegate transactions to the introduced capital management agencies 3, or independently participate in transactions while receiving only the advice of the capital management agencies 3. Agency agreements that end capital managers 2 conclude with capital management agencies 3 may target specific capital management, or commission all capital management during the agency agreement period, determining the commissioned amounts. Also, end capital managers 2 can designate a plurality of capital management agencies 3, and capital management agencies 3 can be commissioned as transaction agencies by a plurality of end capital managers 2. Capital management agencies 3 can aggregate and pool the capital management demands of end capital managers 2 with compatible capital management policies and objectives, and be delegated the capital management pool by pool.

Also, using foreign or domestic trust accounts and/or various other funds, capital management agencies 3 can separate the funds commissioned by end capital managers 2 from their own credit risks.

Next, end capital managers 2 or capital management agencies 3 transfer the funds to manage or margin requirements, to the system operator 1. The operator 1 maintains custody of these funds in separate accounts for end capital managers 2 or capital management agencies 3. Also, it opens accounts in the system for end capital raisers 6 or capital raising agencies 7 as well on which they pay interest, dividends and/or principal to end capital managers 2 or capital management agencies 3 until maturity.

Next, end capital managers (hereinafter referred to as 'selling holders 15,' differentiated from other end capital managers) or their commissioned capital management agencies (hereinafter referred to as 'secondary offering agencies 16,' differentiated from other capital

management agencies) who have decided to effect secondary offerings, gauge the timing of market changes and then convey to the system operator 1 outlines of the desired secondary offerings including names of issues, amounts to offer, number of shares to offer, time to maturity, and existence of collateral or guarantors, and/or the like. The operator 1 notifies end capital managers 2 and capital management agencies 3 of this information in the appropriate sections by financial instrument on the homepage such as loan assets 14, bonds 11, equities 12 and/or commercial papers 13. As provisional terms on the homepage, it lists prices, discount ratios, upper or lower limits of yields or yield spreads, and/or the like that the selling holders 15 or the secondary offering agencies 16 require.

Next, if end capital managers 2 or capital management agencies 3 are interested in the outlines and the provisional terms of these secondary offerings, referring to the provisional terms, they transmit to the operator 1 limit orders (specification of buying volumes, particular prices, discount ratios, yields or yield spreads, and the like) or orders without limits (specification of buying volumes, but non-specification of terms). The operator 1 uses matching functions of the system to prioritize orders without limits, limit orders for provisional terms that favor the selling holders, and orders transmitted earlier, and to automatically allocate amounts or number of shares to end capital managers 2 or capital management agencies 3. Where the result of this real time matching operation causes the amounts to be offered or the number of the shares to be offered to fall short of the initially planned figures, then the secondary offering ends at this point if the selling holders 15 or the secondary offering agencies 16 compromise on the contracted amounts or number of shares. If there is not a compromise on insufficient amounts or number of shares to be offered, it somewhat shifts the provisional terms to favor the end capital managers 2 and then solicit limit orders and orders without limits, again from end capital managers 2 or capital management agencies 3. Additionally, secondary offerings may or may not be effected, depending on the supply-demand balance at specific moments.

The system operator 1 can invite end capital managers 2 or capital management agencies 3, with compatible capital management policies and objectives, and then operate simultaneous collective buying by those plural end capital managers 2 and/or capital management agencies 3. The system operator 1 may also execute this simultaneous collective buying in response to requests from plural, specific end capital managers 2 or capital management agencies 3.

The system operator 1 can invite selling holders 15 or secondary offering agencies 16, with compatible secondary offering policies and objectives, and then operate simultaneous collective secondary offerings of a plurality of issues by those plural selling holders 15 and/or secondary offering agencies 16. The system operator 1 may also execute these simultaneous collective secondary offerings in response to requests from plural, specific selling holders 15 or secondary offering agencies 16. Also, these simultaneous collective secondary offerings may target specific secondary offerings of financial instruments, or all secondary offerings within a specified period. The main financial instruments for which simultaneous collective secondary offerings can be effected are as follows.

(a) Simultaneous collective secondary offerings of a plurality of loan assets, a plurality of bonds, a plurality of commercial papers, and/or the like with similar current credit risks and similar outlooks for future credit risks.

(b) Simultaneous collective secondary offerings of a plurality of equities and/or the like with similar current levels of equity prices and similar outlooks for future levels of equity prices.

(c) Simultaneous collective secondary offerings of a plurality of convertible bonds, a plurality of bonds with equity subscription warrants, and/or the like with similar current credit risks and similar outlooks for future credit risks, and similar current levels of equity prices and similar outlooks for future levels of equity prices.

At the point when transactions are effected between the end capital managers 2 or the capital management agencies 3 and the selling holders 15 or the secondary offering agencies

16, the system operator 1 confirms contracts with both the capital management side and the secondary offering side, and contract amounts are subsequently transferred from the accounts of the end capital managers 2 or the capital management agencies 3 to the accounts of the selling holders 15 or the secondary offering agencies 16 through inter-account transfers in the system. Additionally, the contract amounts of loan assets and bonds adjust the accrued interest payable by the capital management side to the secondary offering side. With reference to loan assets, the operator 1 prepares agreements and the like under which the secondary offering side assigns its claims to the capital management side, and both the capital management side and the secondary offering side seal or sign these documents. The operator 1 takes custody of bonds 11, equities 12, commercial papers 13 and/or other certificates on their own responsibility, and effects delivery from the secondary offering side to the capital management side through inter-account transfer processing. Therefore, there is no physical delivery or receipt of the certificates between the capital management side and the secondary offering side.

Additionally, using the system, end capital managers 2 and/or capital management agencies 3 can lend securities that they hold to other end capital managers 2 and/or other capital management agencies 3.

Next, the system operator 1 performs administration of the following items and/or the like after conclusion of the secondary offering agreements.

(a) With reference to the secondary offering, it inspects end capital managers 2, capital management agencies 3, selling holders 15 and/or secondary offering agencies 16 to determine whether there is proper compliance with laws, regulations and/or internal company rules, filing of transaction reports with authorities, disclosure of information to the general public, and/or the like respectively. Also, the system operator 1 files its own reports with authorities and/or discloses information to the general public as necessary.

(b) With reference to the secondary offering, it provides software and/or other tools that can

be used in risk management and/or profit and loss management in the system to end capital managers 2, capital management agencies 3, selling holders 15 and/or secondary offering agencies 16.

(c) It effects payment of interest, dividends and/or principal from end capital raisers 6 or capital raising agencies 7 to end capital managers 2 or capital management agencies 3 through inter-account transfers in the system. Also, the operator 1 can effect payment of line charges, service charges, advertisement fees, information subscription fees, various evaluations fees, various agency fees, and/or the like through inter-account transfers between the parties in the system.

(d) It executes administrative procedures for the various exercise of rights by end capital managers 2 or capital management agencies 3, and/or end capital raisers 6 or capital raising agencies 7 such as premature repayment of loans, premature redemption of bonds or commercial papers, interest rate changes for loans or bonds before maturity, stock split-ups, exercise of voting and other shareholder's rights, exercise of rights to convert convertible bonds to equities, and exercise of rights of bonds with warrants to purchase equities.

(e) If the creditworthiness of end capital raisers 6 or capital raising agencies 7 regarding loans, bonds, commercial papers and/or the like declines substantially before maturity, or end capital raisers 6 or capital raising agencies 7 cannot pay interest and principal before or at maturity resulting in default, it fulfills a guidance role in the preservation and recovery of credits and/or in the institution of legal proceedings on behalf of the creditors (end capital managers 2 or capital management agencies 3) at that point in time.

Also, transactions between end capital managers 2 can be effected simultaneously with transactions between end capital managers 2 and end capital raisers 6. For example, an end capital raiser 6 issuing bonds in the latter transaction can purchase loan assets as an end capital manager 2 in the former transaction to earn profit margins through a difference between the funding cost and the yield on investment.

Next, the flow of funds and fee collection mechanism in the embodiment is explained.

FIG. 4 is an embodiment in the case of general trading in the secondary markets.

In the diagram, ① is payment of purchase amounts from end capital managers 2 (buyers) or capital management agencies 3 (buyers) to end capital managers 2 (sellers) or capital management agencies 3 (sellers).

② is payment of line charges, service charges, advertisement fees (banner ads and pop-up ads displayed on the homepage), and/or the like from users to the system operator 1.

③ is payment of information subscription fees from end capital managers 2 and capital management agencies 3 to providers of capital management reference data 5.

④ is payment of capital management evaluation fees from end capital managers 2 to capital management evaluators 4.

⑤ is payment of capital management agency fees from end capital managers 2 to capital management agencies 3.

⑥ is payment of interest, dividends and/or principal from end capital raisers 6 or capital raising agencies 7 to holders (end capital managers 2 or capital management agencies 3) of specific points in time.

FIG. 6 is an embodiment in the case of secondary offerings.

In the diagram, ① is payment of purchase amounts from end capital managers 2 (buyers) or capital management agencies 3 (buyers) to selling holders 15 or secondary offering agencies 16.

② is payment of line charges, service charges, advertisement fees (banner ads and pop-up ads displayed on the homepage), and/or the like from users to the system operator 1.

③ is payment of information subscription fees from end capital managers 2, capital management agencies 3, selling holders 15, secondary offering agencies 16 to providers of capital management reference data 5.

④ is payment of capital management evaluation fees from end capital managers 2 and selling holders 15 to capital management evaluators 4.

⑤ is payment of capital management agency fees from end capital managers 2 to capital management agencies 3.

⑥ is payment of secondary offering agency fees from selling holders 15 to secondary offering agencies 16.

⑦ is payment of interest, dividends and/or principal from end capital raisers 6 or capital raising agencies 7 to holders (end capital managers 2 or capital management agencies 3) of specific points in time.

Advantages for end capital managers in the embodiment are as follows:

First, end capital managers are freed from any conflict of interests arising between brokerage and proprietary trading. That is, securities companies and banks conduct both brokerage business for end capital managers (with the object of gaining brokerage fees) and proprietary trading business by use of proprietary funds (with the object of gaining trading profits). Therefore, a conflict of interests structure in which a securities company and/or a bank, in order to gain a large trading profit by use of proprietary funds, causes an end capital manager to trade with it as its counterparty under disadvantageous conditions, and/or completes trading by use of proprietary funds on a front-running basis on the assumption that an end capital manager would read capital management reference data provided by it and then would conduct trading, has been conventionally recognized. In the invention, since an end capital manager trades financial instruments not through a securities company or a bank but with other end capital managers, the end capital manager is freed from this conflict of interests and thus can enjoy higher yields on investment.

Also, yields on investment can be increased by the elimination of brokerage fees. That is, in a conventional structure in which an end capital manager trades equities, bonds and/or commercial papers through a securities company and/or a bank, since the intermediating securities company and/or bank collects brokerage fees, or the securities company and/or bank virtually collects equivalents of brokerage fees through its proprietary trading with the

end capital manager, the end capital manager suffers a decrease of yields on investment. In the invention, since end capital managers trade financial instruments with other end capital managers, brokerage fees payable directly or indirectly to intermediating securities companies and/or banks are eliminated, and thus the end capital managers can enjoy higher yields on investment.

Also, neutrality can be provided for information by independent data providers. That is, a stance in which securities companies and/or banks, in order to increase brokerage fees, which are sources their income, provide capital management reference data for end capital managers so that the end capital managers trade financial instruments more frequently, has been conventionally recognized, and yet the stance makes it difficult for the end capital managers to realize optimum capital management. Since providers of capital management reference data of the invention supply the data from the viewpoint of end capital managers, they do not prompt the end capital managers to buy or sell financial instruments in market environments where making profits through the trades is difficult.

Also, individual end capital managers can fully participate in interest rate products. That is, since most interest rate products for individual end capital managers have conventionally been deposits and savings, the individual end capital managers have had little knowledge of credit risks that all interest rate products essentially have, and of bonds the prices of which affect yields on investment. Although some individual end capital managers have experience in the secondary markets, of purchasing bank debentures issued by long-term credit banks and the like and/or bonds targeting individual end capital managers issued by non-financial corporations, since they have insufficient information on the interest rate markets, they have held these bonds until maturity as alternatives to time deposits in many cases and have suffered opportunity costs as a result of not selling them before maturity despite rises of the markets. In the invention, by being provided with capital management agencies and/or capital management evaluators who have a great store of knowledge and information on

interest rate products, individual end capital managers can make major investments in bonds and include in their capital management portfolios loan assets and/or commercial papers that can also be regarded as types of bonds.

Also, transparency can be provided for over-the-counter transactions. That is, at present, securities exchanges in several countries are easing their surrender requirements for transactions on equities and subsequently are preparing environments in which capital managers can effect the transactions on an over-the-counter basis beyond the barriers of national borders and/or the confines of session hours. On the other hand, loan assets, bonds and commercial papers have been conventionally traded mainly on an over-the-counter basis, and thus have been rarely traded in securities exchanges. If the over-the-counter transactions continue to increase, however, transparency of the markets decreases and thus the phenomenon of 'many prices for a single product,' in which contract prices and/or contract yields differ between market A and market B even at the same point in time, occurs and disadvantages some end capital managers. Also, the phenomenon of 'many prices for a single product' at the same point in time generates inconvenience in some instances such as when financial products being held are marked to market. Since the invention can concentrate domestic and overseas transactions in the system and cover the transactions 24 hours a day, it can easily display current market levels and/or transaction volumes of various financial instruments showing their current status, and thus can provide transparency for the markets.

Also, the trading of illiquid securities can be stimulated. That is, in practice, bonds and commercial papers issued by various non-financial corporations and equities issued by small-to-medium-sized and private companies show low liquidity, and thus end capital managers find it difficult to actively trade them in the secondary markets. This is partly because these securities have offered insufficient profit-making opportunities to securities companies and/or banks that act as intermediaries in such trading, and thus the

intermediaries have failed to make adequate efforts to seek out end capital managers willing to buy and end capital managers willing to sell such securities. In the invention, since the system operator and/or the like displays theoretical prices and/or theoretical yields of illiquid securities, and has capital management agencies and/or capital management evaluators provide a great store of useful knowledge and information on illiquid securities, the demands of end capital managers willing to buy and end capital managers willing to sell such securities can be cultivated and thus liquidity can be provided for the inactive trading markets.

Also, capital management opportunities in the secondary markets for loan assets can be provided. That is, if capital managers execute loans to end capital raisers, repayment of the loan amounts do not normally end until maturity, and yet the capital managers may find it necessary to sell the loan assets before maturity for reasons of business strategy, cash flows and/or the like. Since end capital raisers with relatively low creditworthiness have a strong tendency to borrow funds not by bond issuance requiring credit ratings but by loans, once the loan assets are equipped with prices and yields in the secondary markets before maturity like those of bonds, the loan assets start afresh as financial instruments attractive to other end capital managers. The invention provides end capital managers with secondary markets for loan assets in which they can enjoy higher yields on investment.

Also, end capital managers can enjoy the convenience of simultaneous collective capital management. That is, there has been negligible communication among capital managers in the conventional capital management (including secondary offerings) in the secondary markets, and there has been no simultaneous collective capital management (including simultaneous collective secondary offerings) effected by a plurality of capital managers except those of a plurality of staff members within a single capital manager or those of a plurality of selling holders in a single name of issue. In the invention, end capital managers and/or capital management agencies can improve yields on investment by keeping step with

partners in simultaneous collective capital management, i.e. other end capital managers and/or capital management agencies with compatible capital management policies and objectives and thus by increasing the managed amounts.

Also, neutrality can be provided for capital management agencies. That is, a structure in which end capital managers entrust their funds to fiduciaries such as trust accounts with trust banks, investment management companies, investment trust management companies and/or the like and then have them manage the funds, has been commonly known. These fiduciaries, however, have a strong tendency to be subsidiaries, associated companies or affiliated companies of securities companies or banks, and thus a market custom in which they are forced to purchase, directly or indirectly, securities handled by the securities companies and/or the banks engaged in underwriting and selling business, has been conventionally recognized. Since capital management agencies of the invention directly purchase securities issued by end capital raisers, not through securities companies or banks, they are freed from the conflict of interests arising between end capital managers and the securities companies or the banks, and thus enable the capital management purely in line with the viewpoint of the end capital managers.

Also, the quality of capital management evaluation can be improved. That is, although a structure in which pension consultants and/or the like give advice to investors, has been commonly known, the provision of the advice has mainly targeted institutional investors and has not been a real-time service. Capital management evaluators of the invention recommend to end capital managers, whether they are individuals or corporations, capital management agencies that are suited to their capital management policies, compare the contents of the advice given by their capital management agencies, the performance of capital management effected by their commissioned capital management agencies, or that of capital management independently effected by themselves, with that of capital management effected by other end capital managers or other capital management agencies, that of market

indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital managers can realize higher yields on investment by commissioning the recommended capital management agencies to manage their funds and/or by applying the given evaluations to their future capital management.

Next, FIGS. 7 and 8 are diagrams that illustrate transactions between end capital transactors in the invention.

First, the system operator 1 entitles the end capital transactors 17, capital transaction agencies 18, capital transaction evaluators 19, and/or providers of capital transaction proposal data 20 who desire to use the service. On the homepage, by financial instrument, sections for various foreign exchange products 21, various interest rate derivative products 22, various equity derivative products 23, other hybrid derivative products 24 and/or the like are then established. The users of the service can effect transmission and receipt of data, communication, consultation, market transactions, contract confirmations, settlements and/or the like in the system.

Next, using portable document format (PDF) files, electronic mail and/or the like, the providers of capital transaction proposal data 20 begin to send the proposal data in real time to the end capital transactors 17 and the capital transaction agencies 18. On the other hand, the system operator 1 begins to display the current market levels and transaction volumes of various financial transactions, and their histories in real time in the appropriate sections by financial instrument. Based on these various data and market level figures, the end capital transactors 17 and/or the capital transaction agencies 18 keep track of the levels of foreign exchange markets and/or financial derivative markets, and wait for opportunities for their participation in market transactions.

Additionally, as used in the invention, the term 'market levels' means contractual prices, indicative prices or theoretical prices of various foreign exchange products, various financial

derivative products or various cash products, fixed or provisional terms of capital raising or secondary offerings, and/or the like including market levels provided by financial transaction systems not within the scope of the invention, banks, and/or securities companies.

The end capital transactors 17 select capital transaction evaluators 19 based on profile data, evaluation fee scales, and/or the like recorded in databases provided by the system operator 1 and/or others.

Next, the capital transaction evaluators 19 selected by the end capital transactors 17 introduce capital transaction agencies 18 that are suited to the capital transaction policies and objectives of the end capital transactors 17, to the end capital transactors 17, based on 'past capital transaction performance,' 'data on comparison with other capital transaction agencies,' 'data on comparison between performance of market indices and that of capital transactions,' 'agency fee scales,' and/or the like. Capital transaction evaluators 19 can format said data into a database form to make these data available in the system that can be searched by end capital transactors 17. End capital transactors 17 require the capital transaction agencies 18 commissioned to undertake their transactions to provide the capital transaction evaluators 19 with reports on the performance of capital transactions on a regular basis to allow the capital transaction evaluators 19 to easily prepare various data to provide for the end capital transactors 17.

Additionally, when end capital transactors 17 independently participate in transactions as well, they can request evaluation of their capital transactions by capital transaction evaluators 19. Also, the capital transaction evaluators 19 can provide the end capital transactors 17 with software and/or other tools in the system for evaluation of their capital transactions.

Next, end capital transactors 17 that have received introductions to capital transaction

agencies 18 from capital transaction evaluators 19, decide whether to delegate transactions to the introduced capital transaction agencies 18, or independently participate in transactions while receiving only the advice of the capital transaction agencies 18. Agency agreements that end capital transactors 17 conclude with capital transaction agencies 18 may target specific capital transactions, or commission all capital transactions during the agency agreement period, determining the commissioned amounts. Also, end capital transactors 17 can designate a plurality of capital transaction agencies 18, and capital transaction agencies 18 can be commissioned as transaction agencies by a plurality of end capital transactors 17. Capital transaction agencies 18 can aggregate and pool the capital transaction demands of end capital transactors 17 with similar credit worthiness and/or with compatible capital transaction policies and objectives, and be delegated the capital transactions pool by pool. Also, using foreign or domestic trust accounts and/or various other funds, capital transaction agencies 18 can separate the funds commissioned by end capital transactors 17 from their own credit risks.

Next, end capital transactors 17 or capital transaction agencies 18 transfer the funds to transact or margin requirements, to the system operator 1. The operator 1 maintains custody of these funds in separate accounts for end capital transactors 17 or capital transaction agencies 18. If end capital transactors 17 and/or capital transaction agencies 18 have low creditworthiness, the operator 1 has the end capital transactors 17 and/or the capital transaction agencies 18 produce collateral or guarantors so as to minimize their credit risks.

Next, when end capital transactors 17 or capital transaction agencies 18 decide to buy or sell specific financial instruments, or to enter into contracts for specific financial instruments, they transmit to the operator 1 limit orders (specification of transaction volumes, particular prices, interest rates, yields, yield spreads or foreign exchange rates, and the like) or orders without limits (specification of transaction volumes and the like, but non-specification of particular prices, interest rates, yields, yield spreads or foreign exchange rates, or the like).

The operator 1 uses matching functions of the system to prioritize orders without limits, limit orders that favor the counterparties, and orders transmitted earlier, and to automatically allocate amounts or number of contracts to the end capital transactors 17. Additionally, transactions may or may not be effected, depending on the supply-demand balance of relevant financial instruments at specific moments.

Next, because the liquidity of financial derivative products tends to decrease as the complexity of their structures increases, the system operator 1 enhances the liquidity of products through engineering as described below.

① It treats forex spot products and various futures products with high liquidity as standardized products, and has them traded by end capital transactors 17.

② Adjusting disagreements in measures and cash flows of the standardized products (price basis vs. interest rate basis, simple interest basis vs. compound interest basis, semi-annually compound yield vs. annually compound yield, advance payment basis vs. deferred payment basis, and/or the like), the operator 1 creates, through synthesis processing, various option products, various forward products and/or the like, and has them traded by end capital transactors 17.

③ Next, through further synthesis processing of such hybrid products, the operator 1 creates further complicated products such as various swap products, various cap products, various futures option products and/or the like, and has them traded by end capital transactors 17.

④ Among the above hybrid products, some products may gain high liquidity depending on market conditions or popularity at specific times, and be virtually upgraded to standardized products.

⑤ The operator 1 unbundles hybrid products that are losing their liquidity and returns them to a state closer to standardized products again, and has them traded by end capital transactors 17.

⑥ In responding to a buying order for a complicated product, the operator 1 bundles and synthesizes selling orders of a plurality of standardized products and matches them against

said buying order (single buying vs. multiple selling). On the other hand, in responding to a selling order of a complicated product, the operator 1 resolves it and then solicits buying orders for the individual unbundled products (multiple buying vs. single selling).

The system operator 1 can invite end capital transactors 17 or capital transaction agencies 18, with similar credit worthiness and/or with compatible capital transaction policies and objectives, and then operate simultaneous collective capital transactions by those plural end capital transactors 17 and/or capital transaction agencies 18. The system operator 1 may also execute these simultaneous collective capital transactions in response to requests from plural, specific end capital transactors 17 or capital transaction agencies 18. Also, these simultaneous collective capital transactions may target specific transactions of financial instruments, or all capital transactions within a specified period.

At the point when transactions are effected between the buyers and the sellers, the system operator 1 confirms contracts with both sides, and contract amounts, the accrued interest and/or the like of which has been adjusted, are subsequently transferred from the accounts of the buyers to the accounts of the sellers through inter-account transfers in the system. Also, with reference to various capital transactions, the operator 1 prepares agreements and both sides seal or sign these documents.

Next, the system operator 1 performs administration of the following items and/or the like after conclusion the transaction contracts.

(a) With reference to the transactions, it inspects end capital transactors 17 and/or capital transaction agencies 18 to determine whether there is proper compliance with laws, regulations and/or internal company rules, filing of transaction reports with authorities, disclosure of information to the general public, and/or the like respectively. Also, the system operator 1 files its own reports with authorities and/or discloses information to the general public as necessary.

(b) With reference to the transactions, it provides software and/or other tools that can be used in risk management and/or profit and loss management in the system to end capital transactors 17 and/or capital transaction agencies 18.

(c) It effects payment and receipt of interest and principal between end capital transactors 17 or capital transaction agencies 18 and their counterparties, net settlement after end capital transactors 17 or capital transaction agencies 18 have conducted closing transactions, and/or the like via inter-account transfers in the system. Also, the operator 1 can effect payment of line charges, service charges, advertisement fees, information subscription fees, various evaluations fees, various agency fees, and/or the like through inter-account transfers between the parties in the system.

(d) When buyers of financial instruments exercise their rights, it executes administrative procedures required to effect the transactions between the buyers and the sellers.

(e) It executes administrative procedures arising from cancellations of contracts or assignments of contracts to third parties by end capital transactors 17 or capital transaction agencies 18.

(f) If the creditworthiness of end capital transactors 17 or capital transaction agencies 18 declines during periods from the conclusion of transactions till the completion of settlement thereof by closing transactions, the buyers' exercise of rights or the like, or during contract periods of transactions entered into, the operator 1 minimizes credit risks by collecting additional margins from the end capital transactors 17 or the capital transaction agencies 18, and/or by securing additional collateral or additional guarantors. If, notwithstanding this, the end capital transactors 17 or the capital transaction agencies 18 fall into default, it fulfills a guidance role in the preservation and recovery of credits and/or in the institution of legal proceedings on behalf of their counterparties.

Also, transactions between end capital transactors 17 can be effected simultaneously with transactions between end capital managers 2 and end capital raisers 6. For example, an end capital raiser 6 raising a fund with a fixed interest rate in the latter transaction can participate

in a swap transaction of the former transaction as an end capital transactor 17 to change the funding rate into a floating interest rate.

Also, transactions between end capital transactors 17 can be effected simultaneously with transactions between end capital managers 2. For example, an end capital manager 2 buying securities denominated in a foreign currency in the latter transaction can participate in a foreign exchange transaction of the former transaction as an end capital transactor 17 to hedge against the foreign exchange risk of said securities.

Next, the flow of funds and fee collection mechanism in the embodiment is explained by FIG. 8.

In the diagram, ① is the flow of transaction amounts, interest and/or principal between end capital transactors 17 or capital transaction agencies 18 and other end capital transactors 17 or other capital transaction agencies 18.

② is payment of line charges, service charges, advertisement fees (banner ads and pop-up ads displayed on the homepage), and/or the like from users to the system operator 1.

③ is payment of information subscription fees from end capital transactors 17 and capital transaction agencies 18 to providers of capital transaction proposal data 20.

④ is payment of capital transaction evaluation fees from end capital transactors 17 to capital transaction evaluators 19.

⑤ is payment of capital transaction agency fees from end capital transactors 17 to capital transaction agencies 18.

Next, advantages for end capital transactors in the embodiment are as follows:

First, end capital transactors are freed from any conflict of interests arising between brokerage and proprietary transactions. That is, regarding transactions of foreign exchange products and/or financial derivative products, banks and securities companies conduct both brokerage and/or intermediation business for end capital transactors (with the object of

gaining brokerage and/or intermediation fees) and proprietary transaction business by use of proprietary funds (with the object of gaining transaction profits). Therefore, a conflict of interests structure in which a bank and/or a securities company, in order to gain a large transaction profit by use of proprietary funds, causes an end capital transactor to transact with it as its counterparty under disadvantageous conditions, and/or completes a transaction by use of proprietary funds on a front-running basis on the assumption that an end capital transactor would read capital transaction proposal data provided by it and then would conduct a transaction, has been conventionally recognized. In the invention, since an end capital transactor transacts foreign exchange products and/or financial derivative products not through a bank or a securities company but with other end capital transactors, the end capital transactor is freed from this conflict of interests and thus can attain more transaction profits and/or more advantageous contract conditions.

Also, the elimination of brokerage and/or intermediation fees increases transaction profits and/or improves contract conditions. That is, in a conventional structure in which an end capital transactor transacts foreign exchange products and/or financial derivative products through a bank and/or a securities company, since the intermediating bank and/or securities company collects brokerage and/or intermediation fees, or the bank and/or securities company virtually collects equivalents of brokerage and/or intermediation fees through its proprietary transactions with the end capital transactor, in some cases, the end capital transactor has no choice but to receive reduced transaction profits or to conclude disadvantageous transaction contracts. Above all, since end capital transactors find it hard to grasp market levels of financial derivative products that are transacted as hybrid products on an over-the-counter basis, cases in which banks and/or securities companies having concluded advantageous contracts with end capital transactors subsequently made undue profits in the inter-dealer markets, have been known. In the invention, since end capital transactors transact foreign exchange products and/or financial derivative products with other end capital transactors, brokerage and/or intermediation fees payable directly or

indirectly to intermediating banks and/or securities companies are eliminated, and thus the end capital transactors can attain more transaction profits and/or more advantageous contract conditions.

Also, in accordance with the invention, neutrality can be provided for information by independent data providers. That is, a stance in which banks and/or securities companies, in order to increase brokerage and/or intermediation fees, which are sources of their income, provide capital transaction proposal data for end capital transactors so that the end capital transactors transact foreign exchange products and/or financial derivative products more frequently, has been conventionally recognized, and yet with such a stance, the end capital transactors cannot necessarily realize optimum capital transactions. Since providers of capital transaction proposal data of the invention supply the data from the viewpoint of end capital transactors, they do not prompt the end capital transactors to make transactions of or conclude contracts of financial instruments in market environments where making profits through the transactions is difficult.

Also, the transactions of illiquid financial derivative products can be stimulated. That is, financial derivative products transacted on an over-the-counter basis have a strong tendency to show low liquidity, and thus end capital transactors find it difficult to actively trade them in the secondary markets. This is partly because securing end capital transactors who can act as counterparties for the products proves difficult since particular conditions such as amounts, contract periods, various exercisable rights, and/or the like required by the relevant capital transactors are reflected in the designs of the products. In the invention, since the system operator and/or the like performs, as appropriate, a process of bundling standardized products to create a tailor-made product and/or a process of unbundling a tailor-made product to restore the standardized products, the demands of end capital transactors willing to buy and end capital transactors willing to sell such products can be matched more easily and thus liquidity can be provided for the inactive financial derivative markets.

Also, individual end capital transactors can fully participate in foreign exchange products and/or financial derivative products. That is, since most financial instruments for individual end capital managers have conventionally been deposits, savings and/or equities whilst most financial instruments for individual end capital raisers have conventionally been borrowings, these individual end capital transactors have had insufficient knowledge and information on foreign exchange products and/or financial derivative products, and thus have suffered opportunity costs as a result. In the invention, by being provided with capital transaction agencies and/or capital transaction evaluators who have a great store of knowledge and information on foreign exchange products and/or financial derivative products, individuals can have a wider choice of financial instruments as the objects of their transactions, and thus can attain higher yields on investment and/or lower funding costs. In addition to simple trading, foreign exchange products and financial derivative products are instrumental in hedge transactions and/or arbitrage transactions, and thus individuals can achieve profits in various ways by combining the hedge or arbitrage transactions with financial assets that they currently hold or with liabilities that they currently have.

Also, transparency can be provided for over-the-counter transactions. That is, regarding foreign exchange products and/or financial derivative products, as their structures get more complicated, demands for over-the-counter transactions that are instrumental in creating tailor-made products increase, and thus the over-the-counter transactions have conventionally been more prominent. If the over-the-counter transactions continue to increase, however, transparency of the markets decreases and thus the phenomenon of 'many prices for a single product,' in which contract prices, contract interest rates, contract yields, contract yield spreads and/or contract exchange rates differ between market A and market B even at the same point in time, occurs and disadvantages some end capital transactors. Also, the phenomenon of 'many prices for a single product' at the same point in time generates inconvenience in some instances such as when foreign exchange positions and/or financial

derivative positions are marked to market. Since the invention can concentrate domestic and overseas transactions in the system and cover the transactions 24 hours a day, it can easily display current market levels and transaction volumes and/or the like of various financial instruments showing their current status, and thus can provide transparency for the markets.

Also, end capital transactors can enjoy the convenience of simultaneous collective capital transaction. That is, there has been negligible communication among end capital transactors in the conventional transactions of foreign exchange products and/or financial derivative products, and there has been no simultaneous collective capital transaction effected by a plurality of end capital transactors except those of a plurality of staff members within a single end capital transactor. In the invention, end capital transactors and/or capital transaction agencies can attain more transaction profits and/or more advantageous contract conditions by keeping step with partners in simultaneous collective capital transactions, i.e. other end capital transactors and/or capital transaction agencies with compatible capital transaction policies and objectives and thus by increasing the transacted amounts.

Also, the provision of capital transaction agencies increases transaction profits and/or improves contract conditions. That is, since end capital transactors have insufficient knowledge and information on foreign exchange markets and/or financial derivative markets, in many cases, they have implicitly believed the advice of securities companies and/or banks and performed transactions, and have been disadvantaged as a result. Since capital transaction agencies of the invention execute transactions of foreign exchange products and/or financial derivative products purely from the viewpoint of end capital transactors, they can optimize the choices of products, methods and timings of transactions and/or the like, and bring end capital transactors more transaction profits and/or more advantageous contract conditions.

Also, the provision of capital transaction evaluators increases transaction profits and/or

improves contract conditions. That is, an entity that comprehensively evaluates transactions of foreign exchange products and/or financial derivative products effected by end capital transactors has not existed previously. Capital transaction evaluators of the invention recommend to end capital transactors, capital transaction agencies that are suited to their capital transaction policies, compare the contents of the advice given by their capital transaction agencies, the performance of capital transactions effected by their commissioned capital transaction agencies, or that of capital transactions independently effected by themselves, with that of capital transactions effected by other end capital transactors or other capital transaction agencies, that of market indices, and/or the like, and then report the resulting evaluations to them on a real time basis. The end capital transactors can attain more transaction profits, more advantageous contract conditions and/or more effective hedge transactions by commissioning the recommended capital transaction agencies to perform transactions and/or by applying the given evaluations to their future capital transactions.

Next, various financial instruments illustrated in FIG 7 shall be defined as follows:

The term 'foreign exchange product' shall include the following products:

(1) Forex spot transaction, i.e. trading of currencies at the current exchange rates.

(2) Forex forward transaction, i.e. a financial derivative product that trades currencies at future exchange rates.

(3) Currency futures transaction, i.e. a financial derivative product that trades future exchange rates.

(4) Currency option transaction, i.e. a financial derivative product that trades rights to buy or sell currencies.

(5) Currency futures option transaction, i.e. a financial derivative product that trades rights to buy or sell currency futures products.

(6) Currency swap transaction, i.e. a financial derivative product that swaps receipt or payment of principal and/or interest between different currencies.

The term 'interest rate derivative product' shall include the following products:

(1) Interest rate futures transaction, i.e. a financial derivative product that trades future interest rates.

(2) Interest rate futures option transaction, i.e. a financial derivative product that trades rights to buy or sell interest rate futures products.

(3) Bond futures transaction, i.e. a financial derivative product that trades future bond prices.

(4) Bond option transaction, i.e. a financial derivative product that trades rights to buy or sell bonds.

(5) Bond futures option transaction, i.e. a financial derivative product that trades rights to buy or sell bond futures products.

(6) Interest rate swap transaction, i.e. a financial derivative product that swaps receipt or payment between different interest rates such as a fixed interest rate and a floating interest rate.

(7) Swaption transaction, i.e. a financial derivative product that trades rights to exercise swap transactions.

(8) Interest rate forward transaction, i.e. a financial derivative product that fixes future interest rates.

(10) Cap transaction, i.e. a financial derivative product that guarantees upper limits of interest rates.

(11) Floor transaction, i.e. a financial derivative product that guarantees lower limits of interest rates.

(12) Collar transaction, i.e. a financial derivative product that guarantees both upper and lower limits of interest rates.

The term 'equity derivative product' shall include the following products:

(1) Equity index futures transaction, i.e. a financial derivative product that trades future equity indices.

(2) Equity index option transaction, i.e. a financial derivative product that trades rights to

buy or sell equity indices.

(3) Individual equity option transaction, i.e. a financial derivative product that trades rights to buy or sell individual equities.

The term 'other hybrid derivative product' shall include the following products:

(1) Equity swap transaction, i.e. a financial derivative product that swaps between equity indices and interest rates, or between different equity indices.

(2) Credit swap transaction, i.e. a financial derivative product that swaps between credit risks.

INDUSTRIAL APPLICABILITY

The disintermediated financial transaction system in accordance with the present invention creates transaction markets of financial instruments via at least one communication line on one or more computer networks and can match demands of end customers.

Also, the disintermediated financial transaction system in accordance with the present invention can, by separating and allocating the functions of banks and securities companies as conventional intermediaries in financial transactions to the system operator, various agencies, various evaluators and/or various data providers, eliminate conflicts of interests between such intermediaries and end customers and make various financial transactions more efficient and optimal.

Furthermore, the financial transaction system in accordance with the present invention can enhance liquidity of various financial instruments by processing bundling and unbundling between standardized products and hybrid products and can cause various transactions to advantage transacting parties by allowing simultaneous collective financial transactions.